United States of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, FRIDAY, AUGUST 11, 1995 No. 135

# House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 6, 1995, at 12 noon.

# Senate

FRIDAY, AUGUST 11, 1995

*(Legislative day of Monday, July 10, 1995)*

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND.]

## PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Let us pray:

Gracious God, You have been faithful to help us when we have asked for Your guidance and strength. May we be as quick to praise You for what You have done for us in the past, as we are to ask You to bless us in the future. We have come to You in crises, and difficulties; You have been on time and in time in Your interventions. Thank You Lord for Your providential care of this Senate as it has dealt with an immense load of work.

Now, as a much-needed recess is taken, we thank You for all the people who make it possible for the Senate to function effectively. Especially we thank You for the Senators' staffs and all those here in the Senate chambers who work cheerfully and diligently for long hours to keep the legislative process moving smoothly. Help us to take no one for granted and express our gratitude to each one.

Lord, when this day's work is done, give us refreshment of mind, spirit, and body. Watch over us as we are absent from each other and bring us back in September with renewed dedication to You and this great Nation we serve. Amen.

## RECOGNITION OF ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Alaska is recognized.

## THE CHAPLAIN'S PRAYER

Mr. STEVENS. Mr. President, we thank the Senate Chaplain for those words of guidance. We must make sure the days of rest do not pass too quickly.

## SCHEDULE

Mr. STEVENS. Mr. President, this morning, the leader has asked to reserve the time for both leaders. The Senate will immediately resume consideration of the Defense appropriations bill. There are allotted times of debate. There will be three consecutive votes that should begin approximately at 9:30 this morning.

I yield briefly to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I ask unanimous consent for 2 minutes to introduce a piece of legislation.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The remarks of Mr. HATFIELD pertaining to the introduction of S. 1183 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. HATFIELD. I thank my colleagues for yielding.

## DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1996

The PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 1087, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1087) making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

(1) Hutchison amendment No. 2396, to provide for the management of defense nuclear stockpile resources.

(2) Bumpers amendment No. 2398, to reduce the amount of money provided for the Trident II missile program.

(3) Harkin amendment No. 2400, to delete funding for the upgrade of the Kiowa Warrior light scout helicopters.

(4) Stevens amendment No. 2424, to rescind funds for berthing barges.

(5) Kerry motion to recommit the bill to the Committee on Appropriations with instructions.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Alaska.

Mr. STEVENS. There is now time allotted for the Senator from Arkansas, 10 minutes for the Senator from Arkansas and 5 minutes in opposition, to be followed by a similar period for Senator HARKIN, an equal number of minutes on each side, and then the time sought by Senator KERRY on a motion to recommit.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



Printed on recycled paper.

AMENDMENT NO. 2398

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I suggest the absence of a quorum for about 2 minutes.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. BUMPERS. Mr. President, I seriously considered not offering this amendment because obviously I will not win. As a matter of fact, I do not think a single amendment that has been proposed to change this bill has prevailed.

It causes me a great deal of despair to think about how we almost relish cutting education, the arts, public broadcasting—just about everything in nondefense discretionary spending—but you cannot take a penny out of this bill despite the fact it contains almost $7 billion more than the Pentagon requested. And when you ask: ''Why are we putting $7 billion more in it than our President and military leaders want?'' the answer is, essentially, ''What do they know?''

So here I am offering an amendment that I have offered for the last 2 years—this will be the third year—a chance to save well over $4 billion, $4.5 billion to be precise, and I might get 30, possibly 40 votes, despite the fact that people in the Navy itself and in the Defense Department will tell you that the logic of this amendment is unassailable.

We have eight Trident submarines in the Pacific Ocean. We have 10 in the Atlantic. The ones in the Atlantic fleet are equipped with a missile called the D–5 or the Trident II missile. The eight submarines in the Pacific are equipped with a missile called the C–4, or Trident I missile. This amendment simply prevents the Navy from starting to spend money in 1996 to backfit the eight submarines in the Pacific to carry the D–5 missile.

We are testing C–4 missiles every year. And they are just fine. The tests are perfectly satisfactory. But here is the key to this amendment. Here is what Martin Meth, Director of the DOD Weapon Support Improvement Group, said on November 9, 1992. Now, this is as good an authority as you can get on C–4 and D–5 missiles and on the Trident submarines.

Listen to this:

> There are no obvious life limiting modes or logistics barriers to extending the service life of the currently deployed C–4 missiles to the year 2016. Therefore, I would recommend that any Navy plans for either restoring the C–4 missiles or D–5 missile backfit should not be supported.

We are getting ready to backfit, take the C–4's off those Trident submarines in the Pacific and replace them with D–5's, despite the fact that the C–4 missile will last as long as the submarines they are on.

And what do you get? What are you going to get for this $4.5 billion? Listen to this. The C–4 has an unclassified range of 4,000 nautical miles. It can hit any place you want to hit. The D–5 has something in excess of 4,000 miles. The C–4 has what we call a circular error probability of 300 meters. That means if you fire it, the warheads, half of them will fall within 300 meters of the target.

Let me restate that. On the C–4—the C–4—50 percent of the warheads will hit within 300 meters of the target. And the D–5 will hit within 150 meters.

So for $4.5 billion, with a 100-kiloton warhead that will destroy everything for miles around, you get a warhead that will hit 150 meters closer to the target, 450 feet.

It is the most asinine thing I can imagine, to spend $4.5 billion to replace a missile that is that accurate, that has that life expectancy. And, incidentally, they are only going to backfit four of the Trident I subs. They will take the other four out of service. And the four they will backfit will be out of service by the year 2016, and, as I said, the Pentagon says the C–4 missiles will last just as long.

You just cannot find enough places to put money to satisfy most Members of the Senate, as long as it explodes. You cannot get 10 cents around here for something that will not explode.

And I will tell you what we are going to wind up with. We are going to wind up with a nation exploding with ignorance because of our misplaced priorities.

I will tell you what is despairing, what is so depressing. It is that you study these issues, you attend committee meetings, you listen to the chiefs of the military services. They tell you what is doable, what is not doable, what they want, what they do not want. We mark up the bill and we bring it to the floor. And no matter how meritorious your amendment may be, if it conflicts with the bill, the distinguished chairman of the committee—who is my friend, he has a right to do it—he just gets up and says, ''I move to table the amendment.'' People walk through that door over there. He gives them the signal to vote ''aye'' or to vote ''no.'' Many do not have a clue to what the amendment is about.

These are complicated subjects. I admit that. But you cannot get anybody's attention on these issues. I have been given 10 minutes this morning to explain an immensely complex amendment that would save $4.5 billion. If all 100 Senators were sitting on the floor, I might be able to convince them. But otherwise we will never get this budget under control until we have campaign finance reform. Here is $4.5 billion you might as well throw off the Washington Monument. It will do you just as much good.

So, Mr. President, I am not going to belabor the point. Here is just another case. We have had case after case since we have been on this bill where the Pentagon says, ''No, we do not want to do it.'' Now, I admit, the Navy wants to do this. The Navy wants to backfit. But the people who understand the weaponry say it is a waste. The sume of $4.5 billion to retrofit four submarines, which in all probability, if we ever get to START III, we will even have to take out of service before their service life expectancy ends.

You know, if we had somebody to shoot at, maybe this would make some sense. I have said a half dozen times on the floor, and it is worth repeating, if I had made the offer to my colleagues 10 years ago, What would you give in defense spending to get rid of the Soviet Union? I daresay the least percentage that anybody would have given me is to say we could cut Defense by 30 percent if we did not have the Soviet Union.

Now, the Soviet Union's bombers, the Russian bombers, are not on alert. Their missiles are not targeted at us. And they are destroying ballistic missile submarines and ICBM silos. And what are we doing? We are putting $7 billion more in the Defense budget than the Pentagon asked for, and continuing to spend twice as much money as our eight most likely adversaries combined.

On a personal note, this morning at breakfast my wife said, ''What are you going to do, Dale?'' I said, ''I am going to fight another fight with the windmills. I love jousting with windmills.''

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BUMPERS. I ask for an additional 2 minutes, Mr. President?

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BUMPERS. ''Go down there and find a battle.'' I said, ''I probably won't even offer it or I will withdraw it.'' On the way down I thought, ''No. Let's just let everybody vote for another $4.5 billion. Maybe, if this whole thing will get so bad, the President will veto the bill.''

So, Mr. President, I am not going to withdraw it. I am going to let everybody vote on it. And they can go home and tell folks about how those old Russians used to be the Soviet Union, now the Russians or North Koreans or somebody else is going to come up the Potomac River and get us. I have listened to that for 21 years. I heard that every year since I have been here.

Everybody wonders why we have a $4.5 trillion debt and why we have such a terrible time getting our deficit under control. And in the last 20 years—you listen to this, colleagues—nondefense discretionary spending—immunization of children, education, law enforcement, highways, everything that goes in the making us a decent, civilized nation—has gone down. You think of that. The budget is about three times higher than it was in 1970, and nondefense domestic discretionary spending has gone down. And defense spending is up about 100 percent. I

think the first budget I saw when I came here in 1975 was $145 billion.

And so many Senators get up here and say, oh, defense spending has gone down in real dollars. When we wake up and realize the security of this Nation does not just depend on how many tanks and planes and guns and bombs we have, it will be too late.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUMPERS. I yield the floor.

The PRESIDING OFFICER. Under the order, the Senator from Alaska has 5 minutes.

The Senator from Hawaii.

Mr. INOUYE. Mr. President, it does not give me any pleasure to speak in opposition, because my friend is always eloquent and impressive. But most sincerely, I believe my friend is not correct in this instance.

First of all, there is no buildup in the U.S. nuclear forces; 8 years ago, when we began our drawdown, we also retired a few of our submarines. In fact, we retired 50 of them. As a result, 30 Poseidon and Trident I submarines are now in drydock.

Second, one would conclude that from this presentation there must be cost savings. This amendment calls for the deletion of $150 million. It is a whole lot of money, but if this amendment is adopted then we will have to add $250 million to close up the production and to provide for replacement parts—$250 million.

Is the D–5 necessary? I have a letter dated August 11, 1995, from the Department of the Navy, Secretary of the Navy, and I am going to read the last paragraph:

> The D–5 missile, currently in production, has greater range, better reliability, much improved accuracy and most importantly, twice the design life of its predecessor, the C–4, which ceased production in 1987. Even with an aggressive and expensive sustainment program, the C–4 cannot be expected to last the projected life of the submarines which carry them. Therefore, the C–4 will require substantial and costly life extension efforts or replacement by another missile. The most sensible and cost-effective approach to this issue is to continue procurement of D–5 missiles and continue planning for backfit for four submarines.
>
> Your continued support is appreciated. John H. Dalton, Secretary of the Navy.

If we end the production, it could also reduce incentives for Russia to implement both START and START II. While there is every indication that START I and START II will ultimately enter into force, I think it is both premature and unwise to make major force structure decisions, such as immediately stopping D–5 missile production.

Terminating production of the D–5 at this time will severely degrade the capability of our strategic forces. The D–5 missile provides for better accuracy, as the Secretary stated and, therefore, Mr. President, I hope that my colleagues will oppose this amendment and support the management of the bill.

The PRESIDING OFFICER. Does the Senator yield his remaining time?

Mr. STEVENS. How much time remains?

The PRESIDING OFFICER. There is 1 minute.

Mr. INOUYE. I yield back time.

Mr. STEVENS. Is there any time for the Senator from Arkansas?

The PRESIDING OFFICER. No, his time has expired.

Mr. STEVENS. Mr. President, we have been requested not to start the next amendment until 9:30. That was the understanding. If the Senator from Arkansas would like a few more minutes, we will be happy to let him speak.

Mr. BUMPERS. I thank the Senator very much, if I may take a few minutes.

Mr. STEVENS. Mr. President, I ask unanimous consent that there be 2 minutes for the Senator from Arkansas and the remainder to the Senator from Hawaii, and then we will start the vote at 9:30.

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

Mr. BUMPERS. Mr. President, let me clarify one thing. My amendment takes the $120 million out that starts us down the road to backfitting these Trident submarines. Bear in mind it is always that way, the first $120 million does not amount to much. When you vote against this amendment, you are voting to go ahead and do the backfit. You are talking about $4.5 billion. But all this amendment does is postpone the decision on whether to embark on this program or not. We have at least 3 years to make this decision.

My good friend, the Senator from Hawaii, has said that this will close the line down. I do not understand that argument because there are six D–5 missiles in this bill, and I do not touch them. I am not trying to stop the production of those six D–5 missiles, so there is no threat of closing the line down.

All I am saying is, let us postpone the decision on whether we are going to backfit these missiles for at least a couple of years, because if the Russians do ratify START II, we are going to be right off on START III and Trident submarines are going to be a part of the START III talks.

So, Mr. President, it is an opportunity to jeopardize defense not one whit and make a sensible decision that later on may save us $4.5 billion.

As I say, let me point out one more time, that even the Navy will tell you the C–4 missiles, which are on these submarines right now, will last as long as the submarines will. So when you start on this $4.5 billion program, I will tell you what you get. You get a warhead that will land 150 meters closer to its target, and when you are talking about a 100-kiloton weapon, who cares?

Mr. President, I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Hawaii.

Mr. INOUYE. Mr. President, once again, I note for my colleagues that we have received a letter from the Secretary of the Navy, dated this morning, requesting our support for continued D–5 missile production.

I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> DEPARTMENT OF THE NAVY,
> OFFICE OF THE SECRETARY,
> *Washington, DC, August 11, 1995.*
>
> Hon. TED STEVENS,
> *Chairman, Subcommittee on Defense, Committee on Appropriations, U.S. Senate, Washington, DC.*
>
> DEAR MR. CHAIRMAN: Last year's comprehensive Nuclear Posture Review recommended a START II compliant strategic deterrent force for the United States which the President approved. The continuing importance of our strategic TRIAD in providing a survivable, responsive, and flexible deterrent was reaffirmed in the force structure defined by the review.
>
> When START II enters into force, the fourteen TRIDENT submarines which comprise the Navy portion of the TRIAD will represent our only day-to-day survivable leg of the TRIAD. Only ten submarines have been or will be completed with the newer 5–D missile. Four of the remaining eight ships require backfit to carry the D–5. In concluding that backfit of these submarines was the proper course for the nation, the Nuclear Posture Review recognized the improved military effectiveness and reliability of the D–5, the operational and fiscal efficiencies which accrue from maintaining only one strategic missile in the fleet, and the need to ensure that missile service life is matched to that of the submarines which carry them.
>
> The D–5 missile, currently in production, has greater range, better reliability, much improved accuracy, and most importantly, twice the design life of its predecessor, the C–4, which ceased production in 1987. Even with an aggressive and expensive sustainment program, the C–4 cannot be expected to last the projected life of the submarines which carry them. Therefore, the C–4 will require substantial and costly life extension efforts or replacement by another missile. The most sensible and cost-effective approach to this issue is to continue procurement of D–5 missiles and continue planning for backfit for four submarines.
>
> Your continued support is appreciated.
>
> Sincerely,
>
> JOHN H. DALTON,
> *Secretary of the Navy.*

Mr. STEVENS. Mr. President, we do understand the feelings of the Senator from Arkansas. However, I remind the Senate that missile production continues in Russia. We still have this force to maintain, and we are following the request of the Navy which, as the Senator from Hawaii has indicated, is really more cost-effective than doing what the Senator from Arkansas wants.

He would require not only the $250 million to cancel the existing contract, but then we would have to go back, as the Secretary of the Navy points out, and recondition and modernize the C–4 before its lifespan is over.

Mr. President, I move to table the Bumpers amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. Mr. President, there was to be an intervening amendment. At the request of the sponsor, he urges that we go ahead and vote on this amendment and then Senator HARKIN will take his time on his amendment. That will be followed by a vote on his amendment.

Then we will take the time on Senator KERRY's amendment and proceed in that fashion in order to accommodate the sponsors. If it takes unanimous consent to change the request from last night, I ask unanimous consent the order be as I just stated.

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

The PRESIDING OFFICER. The question occurs on agreeing to the motion to lay on the table the Bumpers amendment No. 2398. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Wyoming [Mr. SIMPSON] is necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is absent because of illness in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 67, nays 31, as follows:

[Rollcall Vote No. 393 Leg.]

YEAS—67

| | | |
|---|---|---|
| Abraham | Feinstein | Lugar |
| Ashcroft | Ford | Mack |
| Bennett | Frist | McCain |
| Biden | Glenn | McConnell |
| Bingaman | Gorton | Mikulski |
| Bond | Graham | Murkowski |
| Brown | Gramm | Nickles |
| Bryan | Grams | Nunn |
| Burns | Gregg | Packwood |
| Campbell | Hatch | Pressler |
| Chafee | Heflin | Robb |
| Coats | Helms | Roth |
| Cochran | Hollings | Santorum |
| Cohen | Hutchison | Shelby |
| Coverdell | Inhofe | Smith |
| Craig | Inouye | Specter |
| D'Amato | Johnston | Stevens |
| DeWine | Kassebaum | Thomas |
| Dodd | Kempthorne | Thompson |
| Dole | Kennedy | Thurmond |
| Domenici | Kyl | Warner |
| Exon | Lieberman | |
| Faircloth | Lott | |

NAYS—31

| | | |
|---|---|---|
| Akaka | Harkin | Murray |
| Baucus | Hatfield | Pell |
| Boxer | Jeffords | Pryor |
| Breaux | Kerrey | Reid |
| Bumpers | Kerry | Rockefeller |
| Byrd | Kohl | Sarbanes |
| Conrad | Lautenberg | Simon |
| Daschle | Leahy | Snowe |
| Dorgan | Levin | Wellstone |
| Feingold | Moseley-Braun | |
| Grassley | Moynihan | |

NOT VOTING—2

| | |
|---|---|
| Bradley | Simpson |

So the motion to lay on the table the amendment (No. 2398) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will come to order.

AMENDMENT NO. 2396

Mr. STEVENS. Mr. President, there is one amendment not covered by our agreement last night, No. 2396, Senator HUTCHISON's amendment. There is 2 minutes on either side.

I ask unanimous consent we yield her the full 4 minutes prior to her withdrawal of that amendment.

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

The Senator from Texas.

Mr. STEVENS. May we have order, please?

Mrs. HUTCHISON. Mr. President, I put an amendment on the floor in the open body of the Senate about 6:45 last night. About 10:30 I saw the senior senator from Nebraska protesting that I had put an amendment in that he had just now heard about.

This was not some new amendment. This was an amendment that embodied language that has already been passed by this body. Every sentence in it has already been voted on and passed by the U.S. Senate.

So what does the amendment do? Because we are being held up in the Defense authorization bill, I wanted to make sure that the very important language that we had already passed would be part of the appropriations bill. It is important because it is a key issue between the Republicans and the Democrats. I think that has become very clear because that is now why we know that the authorization bill is being held up and the threat of holding up this bill has now been made.

What does the amendment do? The amendment provides for Department of Energy to maintain and enhance of our nuclear deterrent capabilities. The bill provides further direction to the DOE to make necessary decisions to clean up nuclear waste sites.

The PRESIDING OFFICER. The Senate will come to order, please. The Senator deserves to be heard.

Mrs. HUTCHISON. It makes sure we have new reactor options for disposition of fissile materials. Why do we need this amendment? We need this amendment because the Department of Energy's published 5-year budget plan calls for cuts in the weapons activities of up to 40 percent in fiscal year 1997 and beyond. The DOE portion of the Defense authorization bill should be used for its intended purpose, to meet the nuclear deterrent capability and the security needs of this country. The issue is not testing of new weapons. It is about assuring U.S. nuclear deterrence. If we are going to maintain a credible nuclear weapons capability in our country, we must assure the safety——

Mr. EXON. Mr. President, the Senate is not in order.

Mrs. HUTCHISON. And reliability of our existing stockpile. Unless we have the ability to continue experiments and testing, we cannot assure either. Hydronuclear testing will not violate any U.S. treaty commitment nor our self-imposed moratorium on nuclear testing.

This is a key issue for the future of this country. We now know there are nuclear capacities in as many as 16 countries around the world. The idea that we would not maintain our nuclear stockpile and have the ability to test and make sure that we can defend this country is one I will never understand.

So, Mr. President, this is a key issue. I am going to withdraw my amendment because I want to have a Defense bill so the armed services of this country will have the money they need, after October 1, to defend our country. But this issue will not go away.

This is an issue of our future and the safety of our future generations. It is clear from the delays and the hold up in completing action on the Defense authorization bill for the first time in at least 10 years and maybe more, and the threat to overturn this bill that we have worked so hard on for the last 2 days—it is clear we have a philosophical difference between the Democrats and Republicans in this Senate.

I am not going to hold up the bill but, Mr. President, we will not back away from protecting our future generations. I will bring this bill up again and again and again, until we make sure that we can do what we need to do to preserve our future.

The PRESIDING OFFICER. The time under the unanimous consent has expired.

Mr. STEVENS. Does the Senator from Texas withdraw her amendment?

Mrs. HUTCHISON. Mr. President, I ask unanimous consent to withdraw my amendment.

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

The amendment (No. 2396) was withdrawn.

AMENDMENT NO. 2424 WITHDRAWN

Mr. STEVENS. Mr. President, I will withdraw amendment 2424.

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

The amendment (No. 2424) was withdrawn.

Mr. STEVENS. There is now time for the Senator from Iowa?

AMENDMENT NO. 2400

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Iowa. Under the order there are 10 minutes allotted to the Senator from Iowa, 5 minutes under the control of the Senator from Alaska.

The Senator from Iowa.

Mr. HARKIN. Mr. President, I call up my amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. That is the pending question.

Mr. HARKIN. Mr. President, do I have 10 minutes?

The PRESIDING OFFICER. The Senator controls 10 minutes.

Mr. HARKIN. Mr. President, I thought last night it was a 15-minute agreement.

Mr. STEVENS. It is 15; you have 10, I have 5.

The PRESIDING OFFICER (Mr. INHOFE). That is 15 minutes total. The Senator has 10 minutes.

Mr. HARKIN. Mr. President, this amendment is to reduce the amount provided in excess of the Pentagon's request to produce the Kiowa helicopters by——

The PRESIDING OFFICER. The Senate is not in order. The Senator deserves to be heard. The Senate is not in order.

The Senator from Iowa.

Mr. HARKIN. Mr. President, this is to reduce the request for the Kiowa helicopters by $125 million. Again, this was not a request by the Pentagon. It was not a request by the Army. It was put in there. And I think this is, again, the amount of money we could save our taxpayers. We do not need it. The armed Kiowa Warrior OH–58D helicopter is used for light attack and reconnaissance. It has a two-man crew, and is used in missions by itself or, more usually, together with the Apache helicopters.

In combination with the Apaches, the armed Kiowa Warrior would locate and designate a target with a laser beam. Apaches would then fire a Hellfire missile at a ground target. However, the armed Kiowa Warrior itself carries up to four Hellfire missiles, plus it has a 50-caliber machinegun.

I have no problem with the armed Kiowa Warrior in its history as a helicopter. It served our country well in the gulf war. It searched out Iraqi patrol boats. However, I want to emphasize the primary role of the Kiowa now is as a scout helicopter.

The Army requested $71.334 million for 33 of these helicopters. The committee added another $125 million for 20 more. Mr. President, this works out to be about $2.16 million per helicopter for the Army-requested Kiowa, and about $6 million per helicopter for the committee-added Warriors.

Again, there is another way, basically, of taking care of the problem that we have in terms of getting the reconnaissance, the scout missions. That is by using what is called a UAV, an unmanned aerial vehicle known as the UAV.

The military magazines, such as Aviation Week & Space Technology, have devoted whole sections to the UAV's.

The UAV is a small airplane. It is remote controlled. It does not have a pilot on board. It has all the instrumentation such as low-light TV cameras, laser rangefinders, thermal sensors, and optical boresights. It has everything that a scout helicopter has except people on board.

The Army has battle tested the UAV's. Both the Hunter UAV and the Predator UAV have shown they can better fill the scout role in recent tests in Bosnia.

So again we are moving into a whole new era of information gathering on the battlefield.

So why now put another $125 million into taking a helicopter that basically has been built since 1968—and it is an old frame. Obviously, as I said, it worked well in the past. But it seems like we are spending $125 million to take all these old helicopters, fix them up to be not only a scout but Kiowa Warrior helicopter, when, in fact, we have a cheaper, more cost-effective way of getting the information to the battlefield. And the UAV, the Hunter UAV, works out to be about $2.5 million per vehicle if you include the share of the ground system, whereas the Kiowa is coming in at over $6 million per vehicle. And, I repeat, no lives are put at risk. Recently we lost one young pilot and had another captured by the North Koreans. They were piloting a helicopter over North Korea. That would not have happened if we had used a UAV instead.

So, in short, what I am saying is there is a revolution going on in this kind of technology, and we are funding UAV technology heavily in this bill. So it does not seem to me to make sense to then take another $125 million and put it into, as I said, this old airframe that goes back to 1968 and to waste this money on an outdated helicopter. For anything that is that far out of date, the more you try to fix it up, the more it costs. That is really what is going on here.

So, again I point out, the Army has not requested it, and the Pentagon has not requested it. They put the money in there for the 20 additional, and I think we could save that $125 million. If the committee saw fit to put that much more into the UAV technology, this Senator probably would have no objection to it.

Mr. STEVENS. Mr. President, this upgrade will make the Kiowa Warrior night- and armed-reconnaissance capable. It also will give it the ability to be converted to a medical evacuation helicopter for night use while it is armed.

It is a very vital necessity, according to the Army people that we have dealt with. And I would only disagree with my friend on one item. The Army listed this as being its most critical aviation deficiency. That is why we have funded it.

I am prepared to yield the remainder of my time.

Mr. HARKIN. Mr. President, do I have any time left?

The PRESIDING OFFICER. The Senator from Iowa has 5 minutes remaining.

Mr. HARKIN. Mr. President, I just cannot resist commenting on the statement by my friend from Alaska about the use of some of these for medical evacuation. That is a new one I had not heard of. But I would point out that there is an article from Flight International of late last year that the military is now giving away—giving away—giving away over 2,000 helicopters to be used for medical evacuation by the National Guard and police forces, and everybody else, I guess. The District of Columbia police force is going to get some, too. If they want medical evacuation, they are giving away 2,000 of them. That is a new one I had not heard of before.

But, again I still think the basic reason for this is the scout helicopter, and I think we ought to move ahead in the new technology we have.

Mr. STEVENS. The Senator is correct. This is a two-place helicopter, a converter, to become a medical evacuation helicopter, I am informed, for night use. It is very critical.

If the Senator is prepared to yield back his time, I am prepared to yield the remainder of my time.

Mr. President, I move to table the Harkin amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. Mr. President, I now ask that be set aside temporarily so that we might hear from the Senator from Massachusetts for a motion to recommit the bill, following which there is 2 minutes to either side on that matter. As far as I am concerned, the Senator can have the full 4 minutes if he would like.

We will then proceed to vote on both amendments. I might say to the Senate at that time those will be the last two amendments that I know of on this bill. We will then follow with third reading after that.

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

On the motion to recommit, the Senator from Massachusetts is recognized.

MOTION TO RECOMMIT

Mr. KERRY. Mr. President, I thank the Senator for yielding me this time, which is obviously a sign of how truly contentious this amendment is and where it may wind up.

But I just would like to suggest to my colleagues that, if we stand back from the norm that has governed the way in which we have passed the Defense authorization and the Defense appropriations bills in the past, measure it against the needs of the country, measure it against the needs of the military, and measure it against reality, you really cannot help but ask yourself: How is it when last year we enacted a $241 billion budget, that this year where the President requested, with the consent of the Joint Chiefs of Staff, a $236 billion budget, we are, nevertheless, increasing the Defense budget? We are increasing it in the face of extraordinary cuts in almost every other portion of the budget. We are cutting safe schools and drug-free schools. We are cutting substance abuse money. We are even targeting Cops in the Street money. Yet, here we are with the end of the cold war incapable of finding a 2-percent reduction in the military budget.

Now, I think I am as sensitive as anybody here to having a military that

is second to nobody in the world. But I would respectfully suggest to my colleagues that with creative approaches, for instance, encouraging private ownership of industrial assets used in defense production—something that should appeal to everybody here—with a procurement of the most cost-effective airlift, the C–17's, or commercial, with the repeal of something as wasteful and as ancillary as the civilian marksmanship program, if we were simply to scale back the production level and maintenance activities at DOE to support an arsenal level of 4,000 warheads, which is above START II, all of these things would leave us with an adequate deterrent capacity—and all of these things would not threaten our defense capacity one iota—we could find a 2-percent reduction in this budget.

So this is a vote really about our own creativity and our own thoughtfulness and our own capacity to try to show Americans that as we reduce 15, 20, 8, or 10 percent in all the other sectors of the budget that affect Americans equally, we ought to be able to find the 2-percent reduction in this budget.

We are instead raising this overall level over 1995, and we are raising it beyond the President's proposal. The difference is $6 billion.

I would respectfully suggest that in the pipeline itself you can find hundreds of millions of dollars that would allow us to share the sacrifice that we are asking all Americans to bear. If we are going to ask them to bear a $270 billion reduction in Medicare so that we can give them back money in a tax reduction, we ought to at least be able to find 2 percent in this budget.

So my amendment does not presume to tell people how to do it. It does not cut any one program. It simply says to the Armed Services Committee, take this back, be more creative, come back to us, show us a 2 percent reduction measured against the reductions in all of the rest of the budget.

I think that is a fair and a sensible way to approach deficit reduction as well as the responsibilities of sharing the sacrifice.

I yield back my time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STEVENS. Mr. President, I am constrained to say anything about the *Seawolf*.

I move to table this motion and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, before the vote is commenced, I want to try to alert my colleagues about what could happen after this.

I understand we are going to third reading which is as far as you can go because the House has not passed the bill.

I want to first commend the managers of this DOD appropriations bill. They have done an outstanding job. We may or may not file cloture. There may be a vote on cloture on the DOD authorization bill. There may be a vote on the Summers nomination. There will be a vote, if we reach an agreement on the Summers nomination. There will be very little debate on that nomination. But it depends on the agreement we get on the DOD authorization bill.

When we started the negotiating, we had eight amendments, and then I got 37 yesterday from one side and 15 from one side. We are not going to accept that agreement if we cannot get a good agreement. A lot of Members who had amendments on the DOD bill and then put them on the appropriations bill, then dreamed up some more to put on the authorization bill, the same amendments.

I thought we were operating in good faith. And if not, then we will have a cloture vote later today, and we are not going to release any nominees—not one, not one Ambassador, not one judge, not anybody else—until we get a satisfactory agreement.

That is what this was all about. It was all about good faith. And I just ask my colleagues, I think we played the game and we hoped you would.

There are a lot of these amendments that have already been offered, and Members dreamed up some other amendments to put back on DOD again.

We are not going to bring up DOD authorization unless we can do it in 3 or 4 hours when we get back. Welfare reform is going to be on the floor, and it is going to stay on the floor for 4 or 5 days. We are not going to be interrupted by 2 or 3 days, the same people making the same speeches they have made on DOD appropriations on DOD authorization.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER (Mr. KYL). The Senator from Kentucky.

Mr. FORD. I appreciate the remarks of the distinguished majority leader, and I say to him we are working as hard as we can. Your people are here in the Cloakroom now and amendments are being peeled off and an agreement is imminent, I think. So I would hope that we all understand we are doing as well as we can on both sides.

So when the majority leader says there is 15 additional amendments on that side and you are trying to cut those down, maybe we have twice that many, we will cut those down. But we are getting very close.

I want Senators to know everything is being done in good faith. There is not any bad faith here. It is all being done in good faith, and I hope that we will have an agreement that everyone will accept and have it shortly.

I thank the Chair.

Mr. STEVENS. Mr. President, under the agreement from last evening, these are 10-minute votes.

VOTE ON MOTION TO TABLE AMENDMENT NO. 2400

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Iowa [Mr. HARKIN]. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is absent because of illness in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 64, nays 35, as follows:

[Rollcall Vote No. 394 Leg.]

YEAS—64

| | | |
|---|---|---|
| Abraham | Frist | Mack |
| Ashcroft | Glenn | McCain |
| Bennett | Gorton | McConnell |
| Bond | Gramm | Murkowski |
| Boxer | Grams | Nickles |
| Breaux | Grassley | Packwood |
| Brown | Gregg | Pell |
| Burns | Hatch | Pressler |
| Campbell | Heflin | Roth |
| Chafee | Helms | Santorum |
| Coats | Hollings | Shelby |
| Cochran | Hutchison | Simpson |
| Cohen | Inhofe | Smith |
| Coverdell | Inouye | Snowe |
| Craig | Jeffords | Specter |
| D'Amato | Johnston | Stevens |
| DeWine | Kassebaum | Thomas |
| Dole | Kempthorne | Thompson |
| Domenici | Kyl | Thurmond |
| Faircloth | Lieberman | Warner |
| Feinstein | Lott | |
| Ford | Lugar | |

NAYS—35

| | | |
|---|---|---|
| Akaka | Feingold | Moseley-Braun |
| Baucus | Graham | Moynihan |
| Biden | Harkin | Murray |
| Bingaman | Hatfield | Nunn |
| Bryan | Kennedy | Pryor |
| Bumpers | Kerrey | Reid |
| Byrd | Kerry | Robb |
| Conrad | Kohl | Rockefeller |
| Daschle | Lautenberg | Sarbanes |
| Dodd | Leahy | Simon |
| Dorgan | Levin | Wellstone |
| Exon | Mikulski | |

NOT VOTING—1

Bradley

The motion to table the amendment (No. 2400) was agreed to.

Mr. STEVENS. I move to reconsider the vote, if it has been announced.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON THE MOTION TO TABLE THE MOTION TO RECOMMIT

The PRESIDING OFFICER. The question is on agreeing to the motion to table the motion to recommit offered by the Senator from Massachusetts [Mr. KERRY].

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Illinois [Mr. SIMON] is necessarily absent.

I also announce that the Senator from New Jersey [Mr. BRADLEY] is absent because of illness in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 38, as follows:

[Rollcall Vote No. 395 Leg.]

YEAS—60

| | | |
|---|---|---|
| Abraham | Frist | McCain |
| Akaka | Gorton | McConnell |
| Ashcroft | Gramm | Murkowski |
| Bennett | Grams | Nickles |
| Bond | Gregg | Nunn |
| Breaux | Hatch | Packwood |
| Burns | Hatfield | Pressler |
| Campbell | Heflin | Robb |
| Chafee | Helms | Roth |
| Coats | Hollings | Santorum |
| Cochran | Hutchison | Shelby |
| Cohen | Inhofe | Simpson |
| Coverdell | Inouye | Smith |
| Craig | Kassebaum | Snowe |
| D'Amato | Kempthorne | Specter |
| DeWine | Kyl | Stevens |
| Dole | Lieberman | Thomas |
| Domenici | Lott | Thompson |
| Faircloth | Lugar | Thurmond |
| Ford | Mack | Warner |

NAYS—38

| | | |
|---|---|---|
| Baucus | Feingold | Leahy |
| Biden | Feinstein | Levin |
| Bingaman | Glenn | Mikulski |
| Boxer | Graham | Moseley-Braun |
| Brown | Grassley | Moynihan |
| Bryan | Harkin | Murray |
| Bumpers | Jeffords | Pell |
| Byrd | Johnston | Pryor |
| Conrad | Kennedy | Reid |
| Daschle | Kerrey | Rockefeller |
| Dodd | Kerry | Sarbanes |
| Dorgan | Kohl | Wellstone |
| Exon | Lautenberg | |

NOT VOTING—2

Bradley Simon

So the motion to table the motion to recommit was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote.

Mr. INOUYE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISPOSAL OF BONAIRE HOUSING

Mr. COHEN. I would like to bring to the manager's attention a problem with the disposal of surplus property in Presque Isle, ME, from the former Loring Air Force Base. The designated local reuse authority is having difficulty with the Department of the Interior in the disposal of the Federal property known as the BonAire Housing Complex. I understand that it is the intention of the chairman to assist the Maine delegation in resolving this matter.

Mr. STEVENS. The Senator from Maine is correct. I will be pleased to work to address this issue in an appropriate manner.

Mr. COHEN. I thank the distinguished chairman for his assistance on this matter.

GEAR INFAC

Ms. MOSELEY-BRAUN. Mr. President, I would like to discuss with the distinguished chairman and ranking member of the Senate Appropriations Defense Subcommittee a matter of importance to my constituents and a key element of the defense industrial base.

Mr. STEVENS. I would be pleased to discuss such a matter with my colleague.

Mr. BOND. As Chairman STEVENS and Senator INOUYE know, the committee has provided funds in the past to continue work performed under a program referred to as the Instrumented Factory for Gears, or GEAR INFAC. As a primary purchaser and user of precision gears, the Army has endorsed and supported this program.

Mr. INOUYE. The Senator is correct. The committee added $8,500,000 in fiscal year 1995 to continue the GEAR INFAC Program. The funds were included in the research, development, test and evaluation, Army account, effecting the transfer of this program to the Army from the Office of the Secretary of Defense.

Ms. MOSELEY-BRAUN. I thank the Senator from Hawaii.

The Army provided documents to my office indicating that the fiscal year 1996 DOD budget included $6,000,000 for GEAR INFAC. However, new documents make it unclear whether the Army has allocated adequate funds to continue this important program. I would ask the chairman and ranking member to discuss this matter with the Army to determine what is available and what is required for GEAR INFAC. Furthermore, I would ask the chairman to ensure that adequate funds are available in the conference agreement on the DOD Appropriations Act, 1996, for GEAR INFAC.

Mr. STEVENS. Mr. President, I assure the Senator that we will discuss this matter with the Army. I will work in conference to address the fiscal year 1996 requirement for funds to support GEAR INFAC.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time.

Mr. STEVENS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

ORDER FOR VOTE ON SEPTEMBER 5, 1995

Mr. STEVENS. Mr. President, I ask unanimous consent that the vote take place at 5 p.m. on September 5.

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

Mr. STEVENS. I ask unanimous consent that if the Senate votes in the affirmative on S. 1087, it be held at the desk until the Senate receives H.R. 2126 from the House; that at that time, the bill, H.R. 2126, be deemed to be called up, read twice, and all after the enacting clause be stricken, and that the text of S. 1087, as passed by the Senate, be inserted in lieu thereof, that the bill, as amended, be deemed read for the third time, and passed, and that the motion to reconsider that vote be laid upon the table.

I further ask unanimous consent that the Senate insist on its amendments, request a conference with the House on the disagreeing votes of the two Houses, and that the Chair be authorized to appoint conferees on the part of the Senate.

I further ask unanimous consent that, upon completion of above action, S. 1087 be indefinitely postponed.

Mr. BYRD. Reserving the right to object, and I will not object. I just hope to keep the Senate mindful of the Senate rules. Does the Senator, in setting a time specific for a final vote on the bill, include in his unanimous-consent request a waiver of paragraph 4 of rule XII of the Standing Rules of the Senate?

Mr. STEVENS. The Senator is correct. I ask unanimous consent that that be included in the request.

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

Mr. STEVENS. Mr. President, I want to thank the Senate for its cooperation. I particularly express, once again my great pleasure in being able to work with my friend, Senator INOUYE. We are cochairmen of this subcommittee. I appreciate him very much and feel very deeply my affection for him. I thank him for all his help in getting this bill passed.

Let me thank also our staff members, particularly Steve Cortese on this side and Charlie Houy on that side, and others who worked with us so well on this bill.

I thank the leader.

Mr. INOUYE. Mr. President, I thank my leader for his kind words. I wish to thank the Senator from Alaska for his masterful management of this bill. I would like to also note three individuals who have been of great assistance to us by providing timely and correct information regarding the many amendments that have been offered: Bobbie Sherb, an Army lieutenant colonel and a nurse, who has monitored health care matters for the subcommittee; Ryan Henry, a Navy captain on detail with the subcommittee, who has monitored many of the details of this bill; Emelie East of the subcommittee staff; and last, but not least, Charlie Houy. I thank the Chair.

## EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go in executive session to consider Calendar No. 254, the nomination of Lawrence H. Summers, with 10 minutes of debate to be equally divided.

The PRESIDING OFFICER Without objection, it is so ordered.

Mr. DOLE. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have already been ordered.

Mr. DOLE. I thank the Chair.

## NOMINATION OF LAWRENCE H. SUMMERS, OF MASSACHUSETTS, TO BE A DEPUTY SECRETARY OF THE TREASURY

The legislative clerk read the nomination of Lawrence H. Summers of Massachusetts to be Deputy Secretary of the Treasury.

The PRESIDING OFFICER. There will now be 10 minutes of debate, equally divided, on the nomination.

Who yields time?

Mr. MOYNIHAN. Mr. President, I thank the Chair.

Mr. President, I rise in support of the nomination of Lawrence H. Summers to be Deputy Secretary of the Treasury. Dr. Summers is now Under Secretary and has been for more than 2 years. He has carried out complex and important negotiations in international finance and international trade.

He was very instrumental in the recent World Trade Organization negotiations concerning financial services. He has a long and distinguished career for a person still relatively young. He was Vice President of the World Bank from 1991 to 1993.

From 1983 until 1993 he was the Nathaniel Ropes Professor of Political Economy at Harvard and his credentials also include a stint as domestic policy economist at the Council of Economic Advisers serving President Reagan.

There is so much else that might be said, but I believe it is well known. I yield back the balance of my time, noting that the Finance Committee voted this out by voice vote with three Senators asking to be recorded in the negative and 17 affirmed.

I yield the floor.

Mr. DOLE. Mr. President, I yield back the time.

Mr. D'AMATO. Mr. President, I stand in opposition to the confirmation of Lawrence Summers to the Office of Deputy Secretary of the Treasury.

It is fair to say that most people are aware of my strong feelings in opposition to the Mexican bailout. We should not be using $20 billion in American taxpayer money to bail out a mismanaged Mexican Government and global speculators, and it was wrong for the administration to bypass Congress. Mr. Summers is the chief architect of the administration's bailout of Mexico.

Mr. President, several weeks ago I released a chronology as well as internal Treasury Department documents revealing that key administration officials, including Under Secretary Summers, were not candid and forthcoming about the true condition of Mexico's economy during 1994.

These documents make clear that Mr. Summers knew about Mexico's deteriorating economic condition as early as February 1994. But Mr. Summers did not warn Congress or the American public. Instead, he and other key administration officials repeatedly painted a rosy public picture of the Mexican economy.

Mr. Summers has had a distinguished career, and he is a decent man. But I have a difficult time reconciling the private and public statements by Mr. Summers and other top administration officials—who were advised by Mr. Summers—regarding Mexico during 1994.

Let me cite a few highlights from my chronology.

As early as February 15, 1994, an internal Treasury Department report warned that ''Mexico's balance of payments situation may be fragile because of its large dependence on portfolio investments which are potentially volatile.'' However, on February 17, 1994—2 days later—Secretary Bentsen stated that Mexico ''has become an example for all of Latin America'' because of its economic policies.

On March 24, 1994, Mr. Summers was informed that the Mexican Government ''is looking for some comforting Treasury words to soothe the press.'' Then, despite Mexico's falling international reserves and growing current account deficit, Secretary Bentsen issued a statement saying: ''We have every confidence that Mexico is on the right economic path.''

On April 26, 1994, Mr. Summers sent Secretary Bentsen a memo stating: ''Mexico's dependency on the financing of its large current account deficit from largely volatile foreign portfolio investments remains a serious problem.'' Once again, however, on that very same day Mr. Summers told CNBC that ''Mexico is fundamentally sound and has a fundamentally sound currency. We are very encouraged about the situation in Mexico.''

Finally, on November 21, 1994—despite the administration's growing concerns about Mexico's economy—Mr. Summers informed Secretary Bentsen that ''the Mexicans would very much like for you to make a statement today.'' Mr. Summers informed the Secretary that he had worked out a statement with the Mexican Government which not only failed to disclose any of the administration's concerns, but instead hailed ''Mexico's strong economic fundamentals.'' Less than a month later, Mr. President, Mexico was forced to devalue its currency.

Mr. President, I agree with A.M. Rosenthal of the New York Times, who wrote on April 4, 1995, in a column entitled ''Cover-Up Chronology'': ''Real concern for Mexico would have meant public warnings from Washington as soon as trouble was discovered. Legitimate confidentiality does not include deceiving the world.''

Mr. President, at his confirmation hearing before the Finance Committee, Mr. Summers conceded that mistakes had been made in the handling of the Mexican crisis. He admitted that he and other officials should have used more care in choosing the words for their public statements. He agreed to improve communications between Congress and the administration and endorsed my recommendation for private consultations with key congressional committees when future financial threats begin to emerge.

Nevertheless, Mr. President, these admissions cannot erase the serious errors made by Mr. Summers in his handling of the Mexican economic crisis. Therefore, I must vote against his confirmation.

Mr. PACKWOOD. Mr. President, Lawrence Summers has been nominated by President Clinton to be the Deputy Secretary of the Treasury. On July 21, 1995, the Senate Finance Committee approved Larry Summers nomination on a voice vote. I am pleased that the Senate is able to consider Mr. Summers nomination today. Frank Newman, who is the current Deputy Secretary of the Treasury, is leaving at the end of this month. The Deputy Secretary's slot is a very important position and needs to be filled quickly.

Larry Summers is a qualified individual who has held numerous important government and academic positions. Mr. Summers is currently the Treasury Under Secretary for International Affairs. Before coming to the Treasury Department he served as Vice President of the World Bank for 2 years—1991–93. Before that, Summers taught economics at Harvard University for over 10 years and also worked for almost a year for the Council of Economic Advisors during the Reagan Presidency.

I am aware that some Members of the Senate have concern over Mr. Summers role during the Mexican currency crisis. While I understand their concern, I also believe that the President of the United States should be able to choose the key members of his administration if the nominee is qualified for the position. I believe that Larry Summers is qualified for the Deputy Secretary of the Treasury position. I support his nomination and urge the Senate to approve his nomination.

Mr. ABRAHAM. Mr. President, I would like to explain briefly the reasons behind my vote against the nomination of Lawrence Summers to be Deputy Secretary of the Treasury. As I have stated before, I generally will oppose a nominee only if there are serious questions as to the nominee's character, activities, or credibility.

In Mr. Summer's case, troubling questions of credibility persist. Specifically, Senator D'AMATO's investigation of the Treasury Department's role in the collapse of the Mexican peso has yielded reason to suspect that Mr. Summers has not been entirely forthcoming about his actions with respect to the origins of that crisis. We still do not know, for example, the degree to which Mr. Summers encouraged the Mexican Government to devalue their peso as a means, albeit misguided, of reducing Mexico's trade deficit. Thus, given the serious questions that still exist as to Mr. Summer's advocacy of a fatal and plainly misguided policy for Mexico, I cannot support his nomination at this time.

Mr. DOLE. I know many Members would like to relocate. This would be the last vote. We have not reached the agreement on the DOD authorization. We are not certain whether any other nominees will be cleared. There is no need holding Members here. It will not require votes. It will either agree or not agree.

This will be the last vote until September 5 at 5 p.m.

Mr. PRYOR. Mr. President, may I ask a question of the distinguished majority leader?

Are we going to do the judges today? Are they going to come before the Senate?

Mr. DOLE. It is my hope that all the nominees—I am not certain about all the Ambassadors—but we will do all the nominees.

It depends on whether we get an agreement on the DOD authorization bill. We are not there yet. We are working on it. There is no reason to hold Members here for votes. This will be the last vote.

Mr. PRYOR. Mr. President, I thank the leader.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Lawrence H. Summers, of Massachusetts, to be Deputy Secretary of the Treasury? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from New Mexico [Mr. DOMENICI] is necessarily absent.

Mr. FORD. I announce that the Senator from California [Mrs. BOXER], the Senator from Georgia [Mr. NUNN], and the Senator from Illinois [Mr. SIMON] are necessarily absent.

I also announce that the Senator from New Jersey [Mr. BRADLEY] is absent because of illness in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 74, nays 21, as follows:

[Rollcall Vote No. 396 Ex.]

YEAS—74

| | | |
|---|---|---|
| Akaka | Frist | Mack |
| Ashcroft | Glenn | McCain |
| Baucus | Gorton | Mikulski |
| Bennett | Graham | Moseley-Braun |
| Biden | Gramm | Moynihan |
| Bingaman | Grassley | Murray |
| Bond | Gregg | Nickles |
| Breaux | Harkin | Packwood |
| Bryan | Hatch | Pell |
| Bumpers | Hatfield | Pryor |
| Byrd | Heflin | Reid |
| Chafee | Hutchison | Robb |
| Coats | Inhofe | Rockefeller |
| Cochran | Inouye | Roth |
| Cohen | Jeffords | Santorum |
| Conrad | Johnston | Sarbanes |
| Coverdell | Kassebaum | Shelby |
| Daschle | Kennedy | Simpson |
| DeWine | Kerrey | Snowe |
| Dodd | Kerry | Specter |
| Dorgan | Kohl | Stevens |
| Exon | Lautenberg | Thompson |
| Feingold | Leahy | Thurmond |
| Feinstein | Lieberman | Wellstone |
| Ford | Lugar | |

NAYS—21

| | | |
|---|---|---|
| Abraham | Faircloth | Lott |
| Brown | Grams | McConnell |
| Burns | Helms | Murkowski |
| Campbell | Hollings | Pressler |
| Craig | Kempthorne | Smith |
| D'Amato | Kyl | Thomas |
| Dole | Levin | Warner |

NOT VOTING—5

| | | |
|---|---|---|
| Boxer | Domenici | Simon |
| Bradley | Nunn | |

So the nomination was confirmed.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the President be immediately notified of the Senate's action.

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

Mr. MOYNIHAN. I thank the Chair.

## LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will return to legislative session.

## MORNING BUSINESS

Mr. LOTT. I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak up to 10 minutes each.

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

## REGULATORY REFORM

Mr. REID. Mr. President, I come to the floor today to talk about regulatory reform and to hopefully revive the discussion on regulatory reform. We have had a number of debates over the past 5 or 6 weeks about regulation reform and what should be done about it. I think those debates were healthy. I do not think there was anything wrong with the debate, but I think we have kind of lost over the last week or so the spirit, the genuine spirit, of regulatory reform.

I say that because earlier this year an amendment was offered by the senior Senator from Oklahoma and the Senator from Nevada to have real regulation reform. It was an effort to do something about the longstanding problems we have had in this country where the regulators, the bureaucrats, have promulgated regulations that we simply have been unable to live with, small business in particular.

So the Senator from Oklahoma and the Senator from Nevada offered an amendment that passed this Chamber by a vote of 100 to 0 that in effect said that if there is a regulation promulgated by a Federal agency that has a financial impact of more than $100 million, it would not become effective for 45 days. This would allow the Congress the opportunity to review that regulation, and, in fact, if we did not like it, we could rescind it.

Mr. President, the same would apply to regulations promulgated under $100 million in financial impact; for those regulations, they would become effective immediately. But Congress would have 45 days to look at that regulation, and if we did not like it, we could in effect veto it.

That made good enough sense that we passed it by a vote of 100 to 0 here.

Mr. President, this was a compromise. We all recognize that. This was a compromise because we had received from the other body a moratorium basically on all regulations.

I said then and I say now, our regulatory reform proposal, that is, the one Senator NICKLES and this Senator offered, is a sensible approach to Government oversight. As is evident in the intense debate that we all experienced this last month or 6 weeks, there are many who consider regulatory reform as essential to improving Government. There are some, Mr. President, who many believe do not want any reform. I think that is a significant minority, but there are some who want no reform in this area.

We should not allow the entire process to end with so many small business owners, homebuilders, manufacturers, retailers, anyone doing business with the Government relying on the regulation that we now have. There should be a better way of doing what is now in effect. The Nickles-Reid measure is a way to do that.

Just as Congress may pass a law only to have Federal regulation turn simple laws into complex regulation, the Reid-Nickles compromise was recently swallowed up in the complex regulatory reform package recently debated in the Chamber.

Mr. President, we do a disservice to the Government and the citizens of this Government who sent us here when our reform has the potential for grave negative effects that conceivably could outweigh the intended positive.

I do not want to get into that today, but I am saying inaction is no action. Inaction is doing the country a great disservice.

So what I say, Mr. President, is that we should realize we have the ability to reform the way we handle regulations in this country. It has already passed the Senate. And so I say to my friends in the House, appoint conferees so that we can go to conference on this issue and come up with reasonable regulation reform. It may not be what everyone wants but certainly it is a significant step in the right direction.

## PRIVILEGE OF THE FLOOR

Mr. SANTORUM. Mr. President, I ask unanimous consent that James Dunn, a congressional fellow in my office, be granted privileges of the floor during my statement in morning business.

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

(The remarks of Mr. SANTORUM pertaining to the introduction of S. 1188 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

UNANIMOUS CONSENT AGREEMENT—VETO MESSAGE ON S. 21

Mr. DOLE. Mr. President, the veto message arrived from the White House with respect to S. 21, the Bosnian Self-Defense Act.

I ask unanimous consent that the veto message be temporarily laid aside, to be brought before the Senate by the majority leader, after notification of the Democratic leader, and that the veto message be spread upon the Journal.

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

Without objection, the veto message on S. 21 will be considered as read.

The text of the President's message follows:

REPORT OF THE DISAPPROVAL OF THE BOSNIA AND HERZEGOVINA SELF-DEFENSE ACT OF 1995—MESSAGE FROM THE PRESIDENT—PM 76

*To the Senate of the United States:*

I am returning herewith without my approval S. 21, the ''Bosnia and Herzegovina Self-Defense Act of 1995.'' I share the Congress' frustration with the situation in Bosnia and am also appalled by the human suffering that is occurring there. I am keenly aware that Members of Congress are deeply torn about what should be done to try to bring this terrible conflict to an end. My Administration will continue to do its utmost with our allies to guide developments toward a comprehensive political settlement acceptable to all the parties. S. 21, however, would hinder rather than support those efforts. It would, quite simply, undermine the chances for peace in Bosnia, lead to a wider war, and undercut the authority of the United Nations (U.N.) Security Council to impose effective measures to deal with threats to the peace. It would also attempt to regulate by statute matters for which the President is responsible under the Constitution.

S. 21 is designed to lead to the unilateral lifting by the United States of the international arms embargo imposed on the Government of Bosnia and Herzegovina. Although the United States has supported the lifting of the embargo by action of the U.N. Security Council, I nonetheless am firmly convinced that a unilateral lifting of the embargo would be a serious mistake. It would undermine renewed efforts to achieve a negotiated settlement in Bosnia and could lead to an escalation of the conflict there, including the almost certain Americanization of the conflict.

The allies of the United States in the U.N. Protection Force for Bosnia (UNPROFOR) have made it clear that a unilateral lifting of the arms embargo by the United States would result in their rapid withdrawal from UNPROFOR, leading to its collapse. The United States, as the leader of NATO, would have an obligation under these circumstances to assist in that withdrawal, thereby putting thousands of U.S. troops at risk. At the least, such unilateral action by the United States would drive our allies out of Bosnia and involve the United States more deeply, while making the conflict much more dangerous.

The consequences of UNPROFOR's departure because of a unilateral lifting of the arms embargo must be faced squarely. First, the United States would immediately be part of a costly NATO operation to withdraw UNPROFOR. Second, after that operation is complete, the fighting in Bosnia would intensify. It is unlikely the Bosnia Serbs would stand by waiting while the Bosnian government received new arms and training. Third, under assault, the Bosnian government would look to the United States to provide arms and air support, and, if that failed, more active military support. Unilateral lift of the embargo would lead to unilateral American responsibility. Fourth, intensified fighting would risk a wider conflict in the Balkans with far-reaching implications for regional peace. UNPROFOR's withdrawal would set back fresh prospects for a peaceful, negotiated solution for the foreseeable future. Finally, unilateral U.S. action under these circumstances would create serious divisions between the United States and its key allies, with potential long-lasting damage to these important relationships and to NATO.

S. 21 would undermine the progress we have made with our allies and the United Nations in recent weeks to strengthen the protection of the safe areas in Bosnia and improve the provision of humanitarian assistance. NATO has agreed to the substantial and decisive use of air power to protect Gorazde, Sarajevo, and the other safe areas. The U.N. Secretary General has delegated his authority to the military commanders on the ground to approve the use of air power. The British and French, with our support, are deploying a Rapid Reaction Force to help open land routes to Sarajevo for convoys carrying vital supplies, strengthening UNPROFOR's ability to carry out its mission. These measures will help provide a prompt and effective response to Serb attacks on the safe areas. This new protection would disappear if UNPROFOR withdraws in response to the unilateral lifting of the embargo.

Events over the past several weeks have also created some new opportunities to seek a negotiated peace. We are actively engaged in discussions with our allies and others on these prospects. Unilaterally lifting the arms embargo now would jeopardize these ongoing efforts.

Unilaterally disregarding the U.N. Security Council's decision to impose an arms embargo throughout the former Yugoslavia also would have a detrimental effect on the ability of the Security Council to act effectively in crisis situations, such as the trade and weapons embargoes against Iraq or Serbia. If we decide for ourselves to violate the arms embargo, other states would cite our action as a pretext to ignore other Security Council decisions when it suits their interests.

S. 21 also would direct that the executive branch take specific actions in the Security Council and, if unsuccessful there, in the General Assembly. There is no justification for bringing the issue before the General Assembly, which has no authority to reconsider and reverse decisions of the Security Council, and it could be highly damaging to vital U.S. interests to imply otherwise. If the General Assembly could exercise such binding authority without the protection of the veto right held in the Security Council, any number of issues could be resolved against the interests of the United States and our allies.

Finally, the requirements of S. 21 would impermissibly intrude on the core constitutional responsibilities of the President for the conduct of foreign affairs, and would compromise the ability of the President to protect vital U.S. national security interests abroad. It purports, unconstitutionally, to instruct the President on the content and timing of U.S. diplomatic positions before international bodies, in derogation of the President's exclusive constitutional authority to control such foreign policy matters. It also attempts to require the President to approve the export of arms to a foreign country where a conflict is in progress, even though this may well draw the United States more deeply into that conflict. These encroachments on the President's constitutional power over, and responsibility for, the conduct of foreign affairs, are unacceptable.

Accordingly, I am disapproving S. 21 and returning it to the Senate.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 11, 1995.*

UNANIMOUS-CONSENT AGREEMENT—S. 1026

Mr. DOLE. Mr. President, I ask unanimous consent that the following be the only first-degree amendments remaining in order, except those amendments cleared by the managers, to the defense authorization bill, and that they be subject to relevant second-degree amendments.

And I will read the amendments:

Pentagon renovation by Senator BINGAMAN; another amendment by Senator BINGAMAN, Los Alamos community assistance; Senator BINGAMAN, strike section 1082; Senator BROWN, Fitzsimons; BYRD, relevant; Senator EXON, nuclear testing, 90 minutes of debate for EXON, 30 minutes for Senator THURMOND; Senator EXON, START I and II; Senator FEINSTEIN, land conveyance; Senator HARKIN, relevant; Senator JOHNSTON, relevant; Senator

KEMPTHORNE, relevant; Senator LAUTENBERG, relevant; Senator LEVIN, SOS chemical weapons, Start II; Senator LEVIN, Army leasing of commercial utility vehicles; Senator ROBB, pilots rescue radio; Senator SARBANES, Anechoic Chamber, Pax River; Senator SIMON, volunteer contingency force; Senator SIMON, land exchange; Senator WELLSTONE, relevant, 60 minutes for debate; Senator THURMOND, relevant; Senator WARNER relevant; and on the top here, the bipartisan missile defense amendment, too.

I will send these to the desk.

Provided further, that if a Senator succeeds in amending the Defense appropriations bill with an amendment from the original list of Defense authorization amendments, then that Senator may offer his amendment to the Defense authorization bill under this agreement; further, that if the bipartisan missile defense amendment is agreed to, that it be in order for the managers to offer an amendment to make conforming modifications in the previously adopted Nunn amendment and the previously adopted Cohen amendment (amendments Nos. 2078 and 2089); further, that there be a time limitation for debate of 1 hour on the bill; there be a time limitation of 3 hours for debate on the bipartisan missile defense amendment, 2 hours for Senator NUNN and 1 hour for Senator THURMOND; that there be a time limitation on all remaining, except where noted, first and second degree amendments of 30 minutes, with all of the above time limitations equally divided in the usual form.

I further ask unanimous consent that no other amendments regarding land mines or gays in the military be in order unless cleared by unanimous consent.

I further ask unanimous consent that following the disposition of the above-listed amendments and the expiration of time, the Senate proceed to third reading and immediately proceed to discharge the Armed Services Committee and proceed to immediate consideration of H.R. 1530; that all after the enacting clause be stricken and the text of S. 1026, as amended, be inserted, the bill be advanced to third reading and final passage occur, all without intervening action or debate.

Finally, I ask unanimous consent that no motion to recess or adjourn be in order during Tuesday's session of the Senate prior to final disposition of H.R. 1530, except one made by the majority leader.

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

The text of the agreement is as follows:

Ordered further, that the following amendments be the only first degree amendments remaining in order to S. 1026, except those amendments cleared by the managers, and that they be subject to relevant second degree amendments:

Bipartisan—Missile Defense (Nunn 2 hours/Thurmond 1 hour).

Bingaman—Pentagon Renovation.

Bingaman—Los Alamos Community Assistance.

Bingaman—Strike Section 1082.

Brown—Fitzsimmons.

Byrd—Relevant.

Exon—Nuclear Testing (Exon 90 min./Thurmond 30 min.).

Exon—START I and II.

Feinstein—Land Conveyance.

Harkin—Relevant.

Johnston—Relevant.

Kempthorne—Relevant.

Lautenberg—Relevant.

Levin—SOS Chemical Weapons/START II.

Levin—Army Leasing of Commercial Utility Vehicles.

Sarbanes—Anechoic Chamber, Pax River.

Simon—Volunteer Contingency Force.

Simon—Land Exchange.

Thurmond—Relevant.

Warner—Relevant.

Wellstone—Relevant (60 min.)

Ordered further, that if a Senator succeeded in amending the Defense Appropriations Bill with an amendment from the original list of Defense Authorization amendments, it be in order for that Senator to offer his or her amendment to the Defense Authorization Bill pursuant to this agreement.

Ordered further, that if the Bipartisan Missile Defense amendment is agreed to, it be in order for the Managers to offer an amendment making conforming modifications to the previously adopted Nunn and Cohen amendments (numbers 2078 and 2089).

Ordered further, that there be one hour for debate on the Bill and 30 minutes for debate on each first and second degree amendment, except where noted differently above, with all time equally divided in the usual form, except where noted differently above.

Ordered further, that no other amendments regarding Land Mines or Gays in the Military be in order unless cleared by unanimous consent.

Ordered further, upon disposition of the above listed amendments and the expiration of any time remaining on the Bill, the Bill be read for the third time, and that the Armed Services Committee be immediately discharged from further consideration of H.R. 1530 and that the Senate proceed to the immediate consideration of H.R. 1530, that all after the enacting clause of H.R. 1530 be stricken and that the text of S. 1026 as amended be inserted in lieu thereof, that H.R. 1530 be read a third time and final passage occur, all without intervening action or debate.

Ordered further, that no motion to recess or adjourn be in order during Tuesday September 5, 1995 session of the Senate prior to final disposition of H.R. 1530 with the exception of a motion made by the Majority Leader.

August 11, 1995.

Mr. DOLE. Mr. President, let me indicate, the reason for the last request, and it is supported by the Democratic leader, is we want to finish this bill. We think there are too many amendments on it now. We already spent a great deal of time on this bill.

It means we will have to delay discussion of welfare reform probably 1 full day. This is the best we can do. We will take up this bill at 9 o'clock on Tuesday, September 5. I urge my colleagues, if they want to take up their amendments, they better be here, because the managers will be here, or someone designated by the managers will be here, throughout the day. It is my belief most of these amendments can be accepted, but there could be as many as five rollcall votes, plus the rollcall vote on final passage, and there will be a 5 o'clock vote on the Defense appropriations bill on Tuesday, September 5.

So it will not be ''the day after Labor Day,'' it will be a workday in the U.S. Senate, with a lot of votes, because we are going to complete action on this. It is going to delay us 1 day on welfare reform. We will be on welfare reform Wednesday, Thursday, Friday, and there may be a day or two in the next week, and I will be speaking about that later on this afternoon. I want to thank the Democratic leader, Senator NUNN, Senator THURMOND, Senator WARNER and members of their staffs who have been working to get this agreement. I hope we can now complete action on the DOD authorization bill on that date.

Mr. THURMOND. Mr. President, I wish to express my appreciation to the able majority leader for all he did to reach this unanimous-consent agreement. It took a lot of work, a lot of coordinating, a lot of compromising, and I am very pleased we have been able to reach that.

Now we can go forward with this Defense authorization bill and get it passed. If we cannot pass it in 1 day, we will get on it and stay on it that day and all night, if necessary. We have to get this Defense bill passed, and we want it to be passed before the Defense appropriations bill is passed.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, on behalf of the Armed Services Committee, we thank our distinguished chairman for his leadership throughout this process to gain this very, very important time agreement and unanimous-consent agreement, such that this bill can move forward in that manner, to be coupled with the appropriations bill which earlier today the Senate considered.

Mr. THURMOND. Mr. President, I express my appreciation to Senator WARNER for all he did in connection with this bill. He was one of the negotiators on the bill, along with the distinguished Senator from Maine, and who worked with Senator NUNN and Senator LEVIN on the Democratic side. I just want to thank Senator WARNER.

Mr. WARNER. Mr. President, I thank the distinguished chairman. Indeed, Senator MCCAIN was instrumental in helping to get this time agreement, as was Senator KEMPTHORNE.

Mr. THURMOND. I thank Senator MCCAIN and all those who assisted in this matter.

Mr. President, I rise to support the compromise that has been worked out regarding the missile defense portion of the Defense authorization bill. Although this compromise weakens the bill as reported out of committee, it does address all of the concerns that were raised on the floor last week. As

such, this compromise should provide the basis for broad bipartisan support, as it did during a meeting I called with the Republican members of the Senate Armed Services Committee.

Before I comment on the substance of the compromise, let me express my gratitude to Senators WARNER, COHEN, NUNN, and LEVIN for their hard work and dedication. The task they undertook in working out this package was a very difficult one and they handled it well.

While I do support the missile defense substitute as a means to advance the Defense authorization bill, I want to make clear my view that a compromise was not needed. The committee-reported bill was strong and worthy of the Senate's support. Senators had a full debate on the subject and several amendments were offered and voted on. It is a sad and unfortunate state of affairs when those on the losing side of an amendment are willing to kill a bill as important as the Defense authorization bill before it has even gotten to conference.

During last week's debate on missile defense, many arguments were raised against the Missile Defense Act of 1995. In my view these were either incorrect or exaggerated. Nonetheless, we leaned over backward to accommodate the concerns that were raised. I believe that the outcome should be satisfactory to an overwhelming majority of Senators.

While the missile defense compromise deals with virtually every aspect of the Missile Defense Act, I would like to address the two major issues that were focused on.

On section 238, to so-called theater missile defense demarcation provision, the compromise makes clear that we are not attempting to constrain the President's ability to negotiate arms control agreements. It remains clear, however, that theater missile defense systems are not and should not be limited by the ABM Treaty. We retain a funding limitation, consistent with Congress' constitutional power of the purse. This provision would prevent the executive branch from implementing any agreement that would set a demarcation that is inconsistent with the standard originally contained in section 238. The new language also prohibits the use of funds to implement any restriction on U.S. theater missile defense systems unless the restriction is subsequently authorized by Congress, is consistent with the approved demarcation standard, or is part of an agreement submitted to the Senate for advice and consent.

This means that the United States cannot implement a TMD agreement which includes performance limitations—such as interceptor velocity, deployment limitations—such as geographical constraints, or operational limitations—such as restrictions on the use of external sensors, without getting explicit congressional approval, either through a subsequent act or through advice and consent to a treaty.

The second major area of concern in the compromise has to do with national missile defense and the ABM Treaty. The committee bill called for the deployment of a multiple-site NMD system by 2003, but did not specifically address the issue of amending the ABM Treaty. The compromise says that the United States will develop such a system for deployment, and that it is the policy of the United States to seek amendments to the ABM Treaty to accomplish this end. In the compromise, it is clear that the United States has not yet made a deployment decision, but that we are clearly on the path to deploying a multiple-site NMD system.

Mr. President, I want to make it clear that Republicans have given up quite a bit in order to achieve this compromise. Amendments to weaken the Missile Defense Act were defeated in markup and on the floor. Our members feel that the bill reported by the committee was solid and did not need any change. Nonetheless, we have shown a good faith effort to listen and accommodate. I hope that our compromise will now clear the path for the Defense authorization bill to proceed through conference and to the President's desk for signature.

Mr. WARNER. Mr. President, the first amendment was the bipartisan missile defense amendment. It may be that the distinguished ranking member of the committee, the Senator from Georgia, at some point today would wish to submit that into the RECORD. In the event he does so, there would be statements by myself, possibly the Senator from Maine, [Mr. COHEN], and the Senator from Michigan, [Mr. LEVIN]. Therefore, I ask unanimous consent, thereafter in the appropriate place in the RECORD such statements relating thereto, as other Senators wish to make, can be placed.

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

Mr. WARNER. Mr. President, I cannot express my appreciation too much to all, particularly the distinguished majority leader, the distinguished Democratic leader and others who made this agreement possible. It is just absolutely essential for this country that we move forward in a timely way on issues relating to our national security. And, indeed, this bill is a landmark bill in that effort. It reflects, I hope, a strong bipartisan consensus, which consensus is always needed to support the men and women of the Armed Forces and the security policies of our country. I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senate from Minnesota is recognized.

## MAXIMUM SECURITY

Mr. GRAMS. Mr. President, there is a new Federal facility in the town of Florence, CO—about 100 miles southwest of Denver—that I wish to tell you about.

It was dedicated only last January, without a lot of fanfare, and most people have probably never heard of it. But if you are invited for a visit, it is a request you cannot refuse, and an experience you will likely never forget.

This new complex is the U.S. Penitentiary Administrative Maximum Facility—or the Super Max, for short—and already, it has become known as the Alcatraz of the Rockies.

It is a place where the guests check in, but they do not check out, at least not on their own.

The Super Max is the most secure prison in the Nation. A $60 million, state-of-the-art, high-technology fortress of steel, concrete, and barbed wire.

It is where the worst of the worst are shipped to when society decides they can no longer be tolerated. It is a place where these most violent offenders are strictly controlled. It is a place where everyone is watched; where everyone is monitored.

To call the Super Max cold and unfriendly would be a profound understatement. Visitors to the highest-security prison in the Nation first notice the fences—12-foot fences crowned with razor wires. They see the six guard towers, and the rolls of razor wire, and the armed guards who are not only authorized to use their weapons, but are instructed to shoot to kill.

To enter the facility itself, the walls of which are reinforced with seven layers of steel and cement, visitors must pass through metal detectors. Their hands are stamped with a secret code in ultraviolet dye—that is to keep inmates from escaping by impersonating visitors.

Mr. President, this is what you will find in a prison that has been labeled ''the end of the line'' for the Nation's hardcore offenders.

You might think that the incredible security measures undertaken at the Colorado Super Max would be unique among Federal facilities. After all, where else except a maximum security prison, home to some of society's most malicious predators, would such intense restrictions need to be in effect?

If you thought that, however, you would be wrong. There is another Federal compound with a security arrangement that is equally complex. There are armed guards with dogs, cement barriers, an extensive network of closed-circuit TV monitors, marked and unmarked pursuit vehicles, metal detectors and x ray scanners, signs, and barricades.

But the guests who spend time in this Federal complex are not Mafia bosses, they are not convicted spies, hit men, drug kingpins, or arms smugglers. They are not dangerous, either, and they certainly do not deserve the intense security measures they are subjected to.

They are average Americans who come here, to the U.S. Capitol Building, to see their Government at work

and visit us, their representatives in Congress.

And look how we greet them—not with signs of welcome, but with security arrangements which rival those of the Super Max, the most security-conscious prison in America.

Mr. President, earlier this week, my staff made an informal survey around the Capitol and the Senate office buildings. We wanted to see this place through the eyes of a tourist, one of the 15 million Americans who visit us every year.

And what we found was shocking and disappointing: 27 armed police officers, one with a dog, patrolling the grounds, checking identification, and searching car trunks; 33 retractable traffic barriers, designed to allow only certain vehicles access to Capitol Hill parking areas; 26 portable concrete barricades—when these are in place, no vehicles can get past; 34 portable traffic signs, labeled ''Stop'' or ''Do Not Enter''; 4 permanent guard boxes staffed with armed sentries; police cruisers, marked and unmarked; dozens of metal racks stamped ''U.S. Government'' blocking areas of the Capitol terrace once open to visitors; yards of rope, limiting access between sections of the Capitol grounds; yards of yellow tape reading ''Police Line—Do Not Cross''; and perhaps ugliest of all, 758 enormous, round, concrete barricades thinly disguised as flower pots, rimming the entire Capitol complex.

That is just outside. Once inside our buildings, tourists will find: Checkpoints at 20 entrances where their handbags and personal belongings are analyzed by x ray scanners.

A battery of 30 metal detectors through which visitors must pass. If metal is found—and often it is, but mostly keys and coins—our guests are subjected to an embarrassing search with a hand-held metal detector—a search I have heard many women complain about.

There were 9 plainclothed officers, guarding the entrances to the House and Senate floors and visitors galleries; uniformed police officers—58 of them the day we checked—armed with guns and batons, watching everyone; and a video surveillance network that watches everyone, too.

Mr. President, that is how we welcome visitors to their own Capitol: not with open arms, but by daring them to come.

And just what are we trying to say to the American people when the battery of security measures used to control them as tourists rival the harsh measures used to control the most dangerous prisoners at the Nation's highest-security prison?

What are we afraid of, Mr. President? Terrorists? Unfortunately, these security arrangements—many of which have been upgraded in the wake of the tragic bombing in Oklahoma City—would have little effect against a well-planned terrorist attack. I am afraid that we are perhaps using the horror of the Oklahoma City bombing as an excuse to further restrict the access of average Americans to their government, and if we are, well, that is wrong.

Who suggested such an unwarranted assault on our visitors? Who put such a gestapo plan into effect? And most importantly, who in the administration or here in the Senate approved such a plan to barricade Capitol Hill, adding hundreds of new, armed guards?

Let me just say how much respect I have for the men and women of the Capitol Police force, and for the incredible effort they put forth each and every day. As individuals, and as a department, they have and deserve our deepest thanks.

My concerns are not directed at them. I want to quote Sgt. Dan Nichols, spokesman for the Capitol Police, when he was asked about the new security arrangements. Sergeant Nichols said:

> People need access to their government. But they also need to be protected. There is a saying we go by—free access and security are basically opposing concepts. You can only increase one at the expense of the other.

Sergeant Nichols is exactly right. I believe we have erred too far on the side of security. With every new fence we put up, and every armed officer we station in front of it, we jeopardize a little bit more of the freedom symbolized by this great building.

This gleaming ''jewel on the hill'' is ever so slowly being transformed into Alcatraz on the Potomac.

What are we afraid of?

Very few Americans will ever be offered a guided tour of the U.S. Penitentiary Administrative Maximum Facility in Florence, CO. But once they have visited Washington, DC and make the trip to Capitol Hill, they will have a very good sense of the daily atmosphere at a maximum-security prison.

And that realization, Mr. President, ought to make them heartsick.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

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

Mr. DEWINE. Mr. President, I thank the Chair.

(The remarks of Mr. DEWINE pertaining to the introduction of S. 1190 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I thank the Chair.

(The remarks of Mr. DEWINE pertaining to the introduction of S. 1197 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. DEWINE. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

## NOMINATION OF WILLIAM SESSIONS

Mr. LEAHY. Mr. President, there should be various confirmations by the Senate within the next few hours. I am hoping that one of those who will be confirmed will be William Sessions of Vermont to be a Federal District Judge. I am fairly confident that this will happen, so let me say a couple of things about Bill Sessions.

Mr. President, Bill Sessions is one of the most respected attorneys I have known in the years that I have practiced law in Vermont. I became a member of the bar of Vermont well over 30 years ago. Since that time I have seen hundreds of lawyers, men and women, who are some of the best I have seen in any part of the country. We are blessed in a small State like ours with having lawyers of extraordinary capability. But throughout that time there has always been a small cadre of the very, very best. Bill Sessions has always been on that list. He is considered one of the finest trial attorneys this year or any year in Vermont.

He is treated with great respect by both the plaintiff and defense bars, and by both the prosecution and the defendant bars. I have heard from prosecutors who had to face him in court and lost, who tell me that they have the utmost respect for him because of his honesty, his integrity, and his ability. And I have heard from people, over and over again, who have either been co-counsel with him or opposing counsel, who have equal praise, as do the Judges of Vermont.

We have had an extraordinary circumstance where all of the Federal Judge positions in Vermont became vacant through an elevation and retirements. We have had to replace one Judge on the second circuit court of appeals and two federal district judges.

I have had the privilege of recommending to President Clinton a person to be appointed to the second circuit court of appeals, Judge Fred Parker, who now serves there with distinction. I then had the privilege to recommend to the President Gar Murtha of Dummerston who now serves with distinction as the chief Federal Judge in Vermont.

I have now had the privilege of recommending to President Clinton the name of William Sessions to be a federal district judge. The President has nominated him, the Judiciary Committee has met on him and approved him,

and now the Senate is poised to act on his nomination.

Mr. President, I told President Clinton that he could rest assured that Bill Sessions would serve with great distinction, and that the President could look at him as an appointment of which he could be proud.

I know that Vermonters will join me in welcoming Bill Sessions' confirmation as a federal district judge. I know Vermonters look forward to him serving on the bench.

I must say to Bill Sessions and his family that it is a singular honor to be able to recommend him. It is an honor to join in his confirmation. This nomination is an honor he has earned, and it is an honor that he and his family should all share. It is an honor that Vermont will be able to share.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

## NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996

Mr. LEVIN. Mr. President, I send to the desk an amendment on behalf of Senators NUNN, WARNER, myself, and Senator COHEN, and ask unanimous consent that it be printed in the RECORD.

(The text of amendment No. 2425 is printed in today's RECORD under ''Amendments Submitted.'')

Mr. LEVIN. I yield the floor.

Mr. NUNN. Mr. President, at the request of the Majority and Minority Leaders, Senators COHEN, LEVIN, WARNER, and I have been meeting intensively for the past several days to address issues raised by the proposed Missile Defense Act of 1995, as set forth in S. 1026, the pending national defense authorization bill. The goal of our effort was to develop an amendment establishing a missile defense policy that could be supported by a broad bipartisan group of Senators. Today, we have filed a bipartisan substitute amendment reflecting our best efforts to meet that objective.

I want to begin by expressing my thanks to my three colleagues for the diligence, tolerance, and goodwill each of them showed throughout the long and, at times, difficult negotiations that have led to the agreement embodied in the substitute amendment. I believe the amendment is a significant improvement to the version in the bill, and I support its adoption.

The bill as reported set forth a proposed policy for future national missile defenses. It also proposed a demarcation between theater and anti-ballistic missile defenses. In my judgment, however, and that of many other Senators, the proposal addressed these vital issues in a manner that unnecessarily presented major difficulties in terms of arms control and constitutional considerations.

Mr. President, I support the development of national missile defense. I have supported a missile defense system against limited, accidental, or unauthorized attacks since the early 1980's when I called for a development of ALPs—an accidental launch protection system. I will support the deployment of a system to defend against limited, accidental, or unauthorized missile attacks, assuming that the system meets the deployment decision criteria set forth in this amendment—it must be affordable and operationally effective; an appropriate response to the threat, and we must weigh carefully any ABM Treaty considerations that could affect a deployment decision.

The revised version of the Missile Defense Act of 1995, as set forth in the bipartisan substitute amendment, addresses these issues in a manner that serves three important functions:

First, it clarifies the intent of the United States with respect to decisions about future missile defenses;

Second, it defuses a potential constitutional contest between the Executive and Legislative branches; and

Third, it makes clear to the international community our policy toward the ABM Treaty.

Let me try to highlight these accomplishments by comparing what was in the bill as reported and what the bipartisan substitute amendment would provide, if adopted. Section 233 of the bill as reported would set forth a policy to ''deploy'' a multi-site national missile defense system. The same section of the bill as reported also stated that the system, ''will be augmented. . .to provide a layered defense against larger and more sophisticated [missile] attacks.'' This phrasing confused the stated objective—to have an effective defense against accidental, unauthorized, or limited attacks—with the concept of a thicker missile defense system to defend against larger attacks. It is important to keep the system focused on the appropriate objective—defending against limited, accidental, or unauthorized attacks.

The substitute version of section 233 in the bipartisan amendment makes the following changes:

The policy is no longer stated as a binding commitment to deploy a national missile defense system. That is a decision that will be made in the future. Instead, the national missile defense policy in section 233(2) of the bipartisan substitute amendment is to ''develop for deployment''.

The substitute adds several important qualifiers, such as:

The system must be ''affordable and operationally effective''. This requirement appears in section 233(2) and is reemphasized throughout the amendment.

The system is limited to addressing only ''accidental, unauthorized, or limited attacks''. That qualification, which is set forth in section 233(2), is repeated throughout the amendment.

There is no commitment to deploy an augmented system. It depends on the threat.

Under section 233(2) of the substitute, any development of an ''augmented'' system will also be confined to augmenting a defense capability to address ''limited, unauthorized, or accidental'' missile attacks.

One of the most important qualifications under the substitute is the requirement in section 233(3) for ''congressional review, prior to a decision to deploy the system developed for deployment . . . of: (a) the affordability and operational effectiveness of such a system; (b) the threat to be countered by such a system, and (c) ABM Treaty considerations with respect to such a system.'' These vital issues will all be considered before we take any step in the future to authorize and appropriate funds for the deployment of a national missile defense system.

Section 235(e)(2) of the bipartisan substitute amendment specially requires the Secretary of Defense to provide an assessment as to whether deployment is affordable and operationally effective''; and

Perhaps the most important qualification, both in terms of arms control and the separation of powers is section 233(8), which requires the Secretary of Defense to carry out the policies, programs, and requirements of the entire Missile Defense Act ''through processes specified within, or consistent with, the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.''

The revised version also contains language taken from the Cohen amendment which was approved by a 69–26 vote last week, and which is largely incorporated into the substitute amendment in sections 233(2) and 237. Collectively, the Cohen provisions encourage the President to undertake negotiations with the Russian Federation to provide modifications or amendments to allow us to deploy a multisite national missile defense in compliance with the Treaty, and, if the negotiations are not successful, they call for consultations with the Congress to review our options, including our legal right to withdraw.

Section 235(a) of the bill as reported required achievement of an initial operational capability (IOC) for a multisite national missile defense system in 2003. The substitute provision in the bipartisan amendment calls for development on a timetable that would make it, ''capable of attaining'' such an IOC, if there is a decision to deploy such a system.

Finally, Mr. President, let me address the theater missile demarcation provisions briefly. Section 238 of the bill as reported would have established

in permanent law a specific demarcation between theater and strategic missile defenses, and would have prohibited the President from negotiations or other actions concerning the clarification or interpretation of the ABM Treaty and the line between theater and strategic missile defenses. The bipartisan substitute amendment strikes all of section 238, and provides a limited funding restriction in section 238(c), with the following provisions:

The funding restriction that applies only for fiscal year 1996;

This substitute restriction applies only to the implementation of an agreement with the successor states to the Soviet Union, should one be reached, concerning:

A demarcation between theater and strategic defenses for the purposes of the ABM Treaty; and

Additional restrictions on theater missile defense systems going beyond those in the demarcation.

In addition, to being limited to one year, the substitute funding limitation in section 238(c) has three exceptions. The limitation does not apply:

''To the extent provided'' in a subsequent Act;

To ''implement that portion of any such agreement that implements'' the specific terms of the demarcation set forth in the amendment; and

To ''implement an agreement that is entered into pursuant to the Treaty-making power of the President under the Constitution.''

Mr. President, there are many other changes for the better in the bipartisan substitute amendment. I ask unanimous consent that a line-in-line-out version of the amendment, comparing the amendment to the bill as reported, be printed in the RECORD. I believe the bipartisan substitute amendment provides a useful statement of Congressional policy and intent, presented in a framework that makes clear that we seek a negotiated set of changes with the Russian Federation to allow for more effective defenses against limited missile attacks than either side is permitted today. I believe the bipartisan substitute amendment is not, and should not be seen by Russia as a threat by the United States either to abandon the ABM Treaty or to reinterpret the Treaty unilaterally to our advantage. Both we and Russia face a threat of ballistic missile attacks; the threats may differ somewhat, but the need for defenses should be clear to both sides. What we have to do is to arrange for both sides to be able to deploy more effective defenses than exist today, against accidental, unauthorized and limited strikes, while maintaining overall strategic stability.

There being no objection, the bipartisan amendment was ordered to be printed in the RECORD, as follows:

BIPARTISAN AMENDMENT CONCERNING THE MISSILE DEFENSE ACT OF 1995

Text from S. 1026, the National Defense Authorization Act for Fiscal Year 1996, Subtitle C of Title II (the Missile Defense Act of 1995) with additions in italic and deletions bracketed.

On page 49, strike out line 15 and all that follows through line 9 on page 69 and insert the following in lieu thereof:

**Subtitle C—Missile Defense**

**SEC. 231. SHORT TITLE.**

This subtitle may be cited as the ''Missile Defense Act of 1995''.

**SEC. 232. FINDINGS.**

Congress makes the following findings:

(1) The threat that is posed to the national security of the United States by the proliferation of ballistic and cruise missiles is significant and growing, both quantitatively and qualitatively.

(2) The deployment of *effective* Theater Missile Defense systems *can* [will] deny potential adversaries the option of escalating a conflict by threatening or attacking United States forces, coalition partners of the United States, or allies of the United States with ballistic missiles armed with weapons of mass destruction to offset the operational and technical advantages of the United States and its coalition partners and allies.

(3) The intelligence community of the United States has *estimated* [confirmed] that (A) the missile proliferation trend is toward longer range and more sophisticated ballistic missiles, (B) North Korea may deploy an intercontinental ballistic missile capable of reaching Alaska or beyond within 5 years, and (C) although a new indigenously developed ballistic missile threat to the continental United States is not forecast within the next 10 years *there is a danger that* [there are ways for] determined countries *will* [to] acquire intercontinental ballistic missiles in the near future and with little warning by means other than indigenous development.

(4) The deployment by the United States and its allies of effective defenses against ballistic missiles of all ranges, as well as against cruise missiles, *can* [will] reduce the incentives for countries to acquire such missiles or to augment existing missile capabilities.

(5) The Cold War distinction between strategic ballistic missiles and nonstrategic ballistic missiles and, therefore, the ABM Treaty's distinction between strategic defense and nonstrategic defense, *has changed because of technological advancements and should be reviewed*. [is technologically and geostrategically outdated.]

(6) The concept of mutual assured destruction, which *was one of the major philosophical rationales* [rationale] for the ABM Treaty [and continued reliance on an offense only form of deterrence, is adversarial and bipolar in nature and is not], *is now questionable as* a [suitable] basis for stability in a multipolar world [and one] in which the United States and the states of the former Soviet Union are seeking to normalize relations and eliminate Cold War attitudes and arrangements.

(7) [By undermining the credibility of, and incentives to pursue, destabilizing first strike strategies, theater] *Theater* and national missile defenses can contribute to the maintenance of [strategic] stability as missile threats proliferate and as the United States and the former Soviet Union significantly reduce the number of strategic nuclear forces in their respective inventories.

(8) Although technology control regimes and other forms of international arms control can contribute to nonproliferation, such measures *alone* are inadequate for dealing with missile proliferation, and should not be viewed as alternatives to missile defenses and other active and passive defenses.

(9) Due to limitations in the ABM Treaty which preclude deployment of more than 100 ground-based ABM interceptors at a single site, the United States is currently prohibited from deploying a national missile defense system capable of defending the continental United States, Alaska, and Hawaii against even the most limited ballistic missile attacks.

**SEC. 233. MISSILE DEFENSE POLICY.**

It is the policy of the United States to—

(1) deploy as soon as possible [highly] *affordable and operationally* effective theater missile defenses capable of countering existing and emerging theater ballistic missiles;

(2)*(A) develop for deployment* [deploy] a multiple-site national missile defense system that: [(A)] *(i)* is [highly] *affordable and operationally* effective against limited, *accidental, and unauthorized* ballistic missile attacks on the territory of the United States;[,] and [(B)] *(ii) can* [will] be augmented over time *as the threat changes* to provide a layered defense against *limited, accidental, or unauthorized* [larger and more sophisticated] ballistic missile threats;

*(B) initiate negotiations with the Russian Federation as necessary to provide for the national missile defense systems specified in section 235; and*

*(C) consider, if those negotiations fail, the option of withdrawing from the ABM Treaty in accordance with the provisions of Article XV of the Treaty, subject to consultations between the President and the Senate;*

*(3) ensure congressional review, prior to a decision to deploy the system developed for deployment under paragraph (2), of: (A) the affordability and operational effectiveness of such a system; (B) the threat to be countered by such a system; and (C) ABM Treaty considerations with respect to such a system.*

*(4)* [(3)] improve existing cruise missile defenses and deploy as soon as practical defenses that are [highly] *affordable and operationally* effective against advanced cruise missiles;

*(5)* [(4)] pursue a focused research and development program to provide follow-on ballistic missile defense options;

*(6)* [(5)] employ streamlined acquisition procedures to lower the cost and accelerate the pace of developing and deploying theater missile defenses, cruise missile defenses, and national missile defenses; [and]

*(7)* [(6)] seek a cooperative transition to a regime that does not feature mutual assured destruction and an offense-only form of deterrence as the basis for strategic stability*; and* [.]

*(8) carry out the policies, programs, and requirements of subtitle C of title II of this Act through processes specified within, or consistent with, the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.*

**SEC. 234. THEATER MISSILE DEFENSE ARCHITECTURE.**

(a) ESTABLISHMENT OF CORE PROGRAM.—To implement the policy established in section 233, the Secretary of Defense shall establish a top priority core theater missile defense program consisting of the following systems:

(1) The Patriot PAC–3 system, *with* [which shall have] a first unit equipped (FUE) in fiscal year 1998.

(2) The Navy Lower Tier (Area) system, *with* [which shall have] a user operational evaluation system (UOES) capability in fiscal year 1997 and an initial operational capability (IOC) in fiscal year 1999.

(3) The Theater High-Altitude Area Defense (THAAD) system, *with* [which shall have] a user operational evaluation system (UOES) capability in fiscal year 1997 and an initial operational capability (IOC) no later than fiscal year 2002.

(4) The Navy Upper Tier (Theater Wide) system, *with* [which shall have] a user operational evaluation system (UOES) capability

in fiscal year 1999 and an initial operational capability (IOC) in fiscal year 2001.

(b) INTEROPERABILITY AND SUPPORT OF CORE SYSTEMS.—To maximize effectiveness and flexibility, the Secretary of Defense shall ensure that core theater missile defense systems are interoperable and fully capable of exploiting external sensor and battle management support from systems such as the Navy's Cooperative Engagement Capability (CEC), the Army's Battlefield Integration Center (BIC), air and space-based sensors including, in particular, the Space and Missile Tracking System (SMTS).

(c) TERMINATION OF PROGRAMS.—The Secretary of Defense shall terminate the [following programs:

[(1) The Corps Surface to Air Missile system (Corps SAM).

[(2) The] Boost Phase Interceptor (BPI) program.

(d) FOLLOW-ON SYSTEMS.—(1) The Secretary of Defense shall develop an affordable development plan for follow-on theater missile defense systems which leverages existing systems, technologies, and programs, and focuses investments to satisfy military requirements not met by the core program.

(2) Before adding new theater missile defense systems to the core program from among the follow-on activities, the Secretary of Defense shall submit to the congressional defense committees a report describing—

(A) the requirements for the program *and the specific threats to be countered;*

(B) how the new program will relate to, support, and leverage off existing core programs;

(C) the planned acquisition strategy; and

(D) a preliminary estimate of total program cost and budgetary impact.

(e) REPORT.—*(1)* Not later than *the date on which the President submits the budget for fiscal year 1997 under section 1105 of title 31, United States Code* [than 60 days after the date of the enactment of this Act], the Secretary of Defense shall submit to the congressional defense committees a report detailing the Secretary's plans for implementing the guidance specified in this section.

*(2) For each deployment date for each system described in subsection (a), the report required by paragraph (1) of this subsection shall include the funding required for research, development, testing, evaluation, and deployment for each fiscal year beginning with fiscal year 1997 through the end of the fiscal year in which deployment is projected under subsection (a).*

**SEC. 235. NATIONAL MISSILE DEFENSE SYSTEM ARCHITECTURE.**

(a) IN GENERAL.—To implement the policy established in section 233, the Secretary of Defense shall develop an affordable and operationally effective national missile defense system *to counter a limited, accidental, or unauthorized ballistic missile attack, and which is capable of attaining* [which will attain] initial operational capability (IOC) by the end of 2003. *Such system* [The national missile defense system to be developed for deployment] shall include the following:

(1) Ground-based interceptors *capable of being* deployed at multiple sites, the locations and numbers of which are to be determined so as to optimize the defensive coverage of the continental United States, Alaska, and Hawaii against limited, *accidental, or unauthorized* ballistic missile attacks.

(2) Fixed ground-based radars and space-based sensors, including the Space and Missile Tracking system, the mix, siting and numbers of which are to be determined so as to optimize sensor support and minimize total system cost.

(3) Battle management, command, control, and communications (BM/C3).

(b) INTERIM OPERATIONAL CAPABILITY.—To provide a hedge against the emergence of near-term ballistic missile threats against the United States and to support the development and deployment of the objective system specified in subsection (a), the Secretary of Defense shall develop an interim national missile defense [capability] *plan that would give the United States the ability to field a limited operational capability by the end of 1999 if required by the threat.* [, consistent with the technical requirements and schedule of such objective system to be operational by the end of 1999.] In developing this *plan* [capability] the Secretary shall make use of—

(1) developmental, or user operational evaluation system (UOES) interceptors, radars, and battle management, command, control, and communications (BM/C3), to the extent that such use directly supports, and does not significantly increase the cost of, the objective system specified in subsection (a);

(2) one or more of the sites that will be used as deployment locations for the objective system specified in subsection (a);

(3) upgraded early warning radars; and

(4) space-based sensors.

(c) USE OF STREAMLINED ACQUISITION PROCEDURES.—The Secretary of Defense shall prescribe and use streamlined acquisition procedures to—

(1) reduce the cost and increase the efficiency of developing the national missile defense system specified in subsection (a); and

(2) ensure that *any* [the] interim national missile defense capabilities developed pursuant to subsection (b) are operationally effective and on a path to fulfill the technical requirements and schedule of the objective system.

(d) ADDITIONAL COST SAVING MEASURES.—In addition to the procedures prescribed pursuant to subsection (c), the Secretary of Defense shall employ cost saving measures that do not decrease the operational effectiveness of the systems specified in subsections (a) and (b), and which do not pose unacceptable technical risk. The cost saving measures should include the following:

(1) The use of existing facilities and infrastructure.

(2) The use, where appropriate, of existing or upgraded systems and technologies, *except that Minuteman boosters may not be used as part of a National Missile Defense architecture.*

(3) Development of systems and components that do not rely on a large and permanent infrastructure and are easily transported, emplaced, and moved.

(e) REPORT ON PLAN FOR DEPLOYMENT.—Not later than *the date on which the President submits the budget for fiscal year 1997 under section 1105 of title 31, United States Code* [60 days after the date of the enactment of this Act], the Secretary of Defense shall submit to the congressional defense committees a report containing the following matters:

(1) The Secretary's plan for carrying out this section.

(2) For each deployment date in subsections (a) and (b), the report shall include the funding required for research, development, testing, evaluation, and deployment for each fiscal year beginning with fiscal year 1997 through the end of the fiscal year in which deployment is projected under subsection (a) or (b). *The report shall also describe the specific threat to be countered and provide the Secretary's assessment as to whether deployment is affordable and operationally effective.*

*(3)* [(2)] An analysis of options for supplementing or modifying the national missile defense architecture specified in subsection (a) before attaining initial operational capability, or evolving such architecture in a building block manner after attaining initial operational capability, to improve the cost-effectiveness or the operational effectiveness of such system by adding one or a combination of the following:

(A) Additional ground-based interceptors at existing or new sites.

(B) Sea-based missile defense systems.

(C) Space-based kinetic energy interceptors.

(D) Space-based directed energy systems.

**SEC. 236. CRUISE MISSILE DEFENSE INITIATIVE.**

(a) IN GENERAL.—The Secretary of Defense shall undertake an initiative to coordinate and strengthen the cruise missile defense programs, projects, and activities of the military departments, the Advanced Research Projects Agency and the Ballistic Missile Defense Organization to ensure that the United States develops and deploys [highly effective] *affordable and operationally effective* defenses against existing and future cruise missile threats.

(b) ACTIONS OF THE SECRETARY OF DEFENSE.—In carrying out subsection (a), the Secretary of Defense shall ensure that—

(1) to the extent practicable, the ballistic missile defense and cruise missile defense efforts of the Department of Defense are coordinated and mutually reinforcing;

(2) existing air defense systems are adequately upgraded to *provide an affordable and operationally effective defense* [defend] against existing and near-term cruise missile threats; and

(3) the Department of Defense undertakes a high priority and well coordinated technology development program to support the future deployment of systems that are [highly] *affordable and operationally* effective against advanced cruise missiles, including cruise missiles with low observable features.

(c) IMPLEMENTATION PLAN.—Not later than *the date on which the President submits the budget for fiscal year 1997 under section 1105 of title 31, United States Code* [60 days after the date of the enactment of this Act], the Secretary of Defense shall submit to the congressional defense committees a detailed plan, in unclassified and classified forms, as necessary, for carrying out this section. The plan shall include an assessment of—

(1) the systems that currently have cruise missile defense capabilities, and existing programs to improve these capabilities;

(2) the technologies that could be deployed in the near- to mid-term to provide significant advances over existing cruise missile defense capabilities, and the investments that would be required to ready the technologies for deployment;

(3) the cost and operational tradeoffs, if any, between upgrading existing air and missile defense systems and accelerating follow-on systems with significantly improved capabilities against advanced cruise missiles; and

(4) the organizational and management changes that would strengthen and further coordinate the cruise missile defense efforts of the Department of Defense, including the disadvantages, if any, of implementing such changes.

**SEC. 237. POLICY REGARDING THE ABM TREATY.**

*(a) Congress makes the following findings:*

*(1) Article XIII of the ABM Treaty envisions ''possible changes in the strategic situation which have a bearing on the provisions of this treaty''.*

*(2) Articles XIII and XIV of the ABM Treaty establish means for the Parties to amend the Treaty, and the Parties have employed these means to amend the Treaty.*

*(3) Article XV of the ABM Treaty establishes the means for a party to withdraw from the Treaty, upon 6 months notice, ''if it decides that extraordinary events related to the subject matter of this treaty have jeopardized its supreme interests.''*

*(4) The policies, programs, and requirements of subtitle C of title II of this Act can be accomplished through processes specified within, or*

*consistent with, the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.*

*(b)* [(a)] SENSE OF CONGRESS.—In light of the findings and policies provided in this subtitle, it is the sense of Congress that—

*(1) Given the fundamental responsibility of the Government of the United States to protect the security of the United States, the increasingly serious threat posed to the United States by the proliferation of weapons of mass destruction and ballistic missile technology, and the effect this threat could have on the options of the United States to act in a time of crisis—*

*(A) it is in the vital national security interest of the United States to defend itself from the threat of a limited, accidental, or unauthorized ballistic missile attack, whatever its source; and*

*(B) the deployment of a national missile defense system, in accord with section 233, to protect the territory of the United States against a limited, accidental, or unauthorized missile attack can strengthen strategic stability and deterrence; and*

*(2)(A)* the Senate should [(A)] undertake a comprehensive review of the continuing value and validity of the ABM Treaty with the intent of providing additional policy guidance on the future of the ABM Treaty during the second session of the 104th Congress; and

*(B) upon completion of the review, the Committee on Foreign Relations, in consultation with the Committee on Armed Services and other appropriate committees, should report its findings to the Senate.*

[(B) consider establishing a select committee to carry out the review and to recommend such additional policy guidance on future application of the ABM Treaty as the select committee considers appropriate; and

[(2) the President should cease all efforts to modify, clarify, or otherwise alter United States obligations under the ABM Treaty pending the outcome of the review.

[(b) ABM TREATY NEGOTIATING RECORD.—(1) To support the comprehensive review specified in subsection (a), the Secretary of Defense, in consultation with other appropriate officials of the executive branch, shall provide the Senate with a complete, declassified version of the ABM Treaty negotiating record, including—

[(A) within 30 days after the date of the enactment of this Act, an index of the documents comprising the negotiating record; and

[(B) within 60 days after the date of the enactment of this Act, the documents comprising the negotiating record in unclassified form.

[(2) If the Secretary considers it necessary to do so, the Secretary may submit the documents referred to in paragraph (1)(B) in classified form when due under that paragraph. If the Secretary does so, however, the Secretary shall submit the documents in unclassified form within 90 days after the date of the enactment of this Act.

[(c) WAIVER.—The Secretary of Defense, after consultation with any select committee established in accordance with subsection (a)(1)(B) or, if no select committee, the Committee on Armed Services of the Senate, may waive the declassification requirement under subsection (b) on a document by document basis.]

***SEC. 238. PROHIBITION ON FUNDS TO IMPLEMENT AN INTERNATIONAL AGREEMENT CONCERNING THEATER MISSILE DEFENSE SYSTEMS.***

*(a) FINDINGS.—Congress makes the following findings:*

*(1) Section 234 of the National Defense Authorization Act for Fiscal Year 1994 provides that the ABM Treaty does not apply to or limit research, development, testing, or deployment of missile defense systems, system upgrades, or system components that are designed to counter modern theater ballistic missiles, regardless of the capabilities of such missiles, unless those systems, system upgrades, or system components are tested against or have demonstrated capabilities to counter modern strategic ballistic missiles.*

*(2) Section 232 of the National Defense Authorization Act for Fiscal Year 1995 provides that the United States shall not be bound by any international agreement that would substantially modify the ABM Treaty unless the agreement is entered into pursuant to the treaty making power of the President under the Constitution.*

*(3) the demarcation standard described in subsection (b)(1) is based upon current technology.*

*(b) SENSE OF CONGRESS.—It is the sense of Congress that—*

*(1) unless a missile defense system, system upgrade, or system component, including one that exploits data from space-based or other external sensors, is flight tested against a ballistic missile target that exceeds a range of 3,500 kilometers or a velocity of 5 kilometers per second, such missile defense system, system upgrade, or system component has not been tested in an ABM mode nor deemed to have been given capabilities to counter strategic ballistic missiles, and*

*(2) any international agreement that would limit the research, development, testing, or deployment of missile defense systems, system upgrades, or system components that are designed to counter modern theater ballistic missiles in a manner that would be more restrictive than the criteria in paragraph (1) should be entered into only pursuant to the treaty making powers of the President under the Constitution.*

*(c) PROHIBITION ON FUNDING.—Funds appropriated or otherwise made available to the Department of Defense for fiscal year 1996 may not be obligated or expended to implement an agreement with any of the independent states of the former Soviet Union entered into after January 1, 1995 that would establish a demarcation between theater missile defense systems and antiballistic missile systems for purposes of the ABM Treaty or that would restrict the performance, operation, or deployment of United States theater missile defense systems except: (1) to the extent provided in an act enacted subsequent to this Act; (2) to implement that portion of any such agreement that implements the criteria in subsection (b)(1); or (3) to implement such an agreement that is entered into pursuant to the treaty making power of the President under the Constitution.*

**[SEC. 238. STANDARD FOR ASSESSING COMPLIANCE WITH THE ABM TREATY.**

[(a) POLICY CONCERNING SYSTEMS SUBJECT TO ABM TREATY.—Unless and until a missile defense or air defense system, system upgrade, or system component, including one that exploits data from space based or other external sensors (such as the Space and Missile Tracking System, which can be deployed as an ABM adjunct, or the Navy's Cooperative Engagement Capability), is flight tested in an ABM qualifying flight test (as defined in subsection (c)), such system, system upgrade, or system component—

[(1) has not, for purposes of the ABM Treaty, been tested in an ABM mode nor been given capabilities to counter strategic ballistic missiles; and

[(2) therefore is not subject to any application, limitation, or obligation under the ABM Treaty.

[(b) PROHIBITIONS.—(1) Appropriated funds may not be obligated or expended by any official of the Federal Government for the purpose of—

[(A) prescribing, enforcing, or implementing any Executive order, regulation, or policy that would apply the ABM Treaty (or any limitation or obligation under such Treaty) to research, development, testing, or deployment of a missile defense or air defense system, system upgrade, or system component, including one that exploits data from space based or other external sensors; or

[(B) taking any other action to provide for the ABM Treaty (or any limitation or obligation under such treaty) to be applied to research, development, testing, or deployment of a missile defense or air defense system, system upgrade, or system component, including one that exploits data from space based or other external sensors.

[(2) This subsection shall cease to apply with respect to a missile defense or air defense system, system upgrade, or system component, including one that exploits data from space based or other external sensors, when that system, system upgrade, or system component has been flight tested in an ABM qualifying flight test.

[(c) ABM QUALIFYING FLIGHT TEST DEFINED.—For purposes of this section, an ABM qualifying flight test is a flight test against a ballistic missile which, in that flight test, exceeds (1) a range of 3,500 kilometers, or (2) a velocity of 5 kilometers per second.

[(d) ACTIONS OF THE SECRETARY OF DEFENSE.—Not later than 60 days after the date of the enactment of this Act, and each year thereafter in the annual report of the Ballistic Missile Defense Organization, the Secretary of Defense shall certify to Congress that no United States missile defense or air defense system, system upgrade, or system component is being limited, modified, or otherwise constrained pursuant to the ABM Treaty in a manner that is inconsistent with this section.

[(e) CONGRESSIONAL REVIEW OF RANGE AND VELOCITY PARAMETERS.—Congress finds that the range and velocity parameters set forth in subsection (c) are based on a distinction between strategic and nonstrategic ballistic missiles that is technically and geostrategically outdated, and, therefore, should be subject to review and change as part of the Senate's comprehensive review under section 237.]

**SEC. 239. BALLISTIC MISSILE DEFENSE PROGRAM ELEMENTS.**

(a) ELEMENTS SPECIFIED.—In the budget justification materials submitted to Congress in support of the Department of Defense budget for any fiscal year after fiscal year 1996 (as submitted in the budget of the President under section 1105(a) of title 31, United States Code), the amount requested for activities of the Ballistic Missile Defense Organization shall be set forth in accordance with the following program elements:

(1) The Patriot system.

(2) The Navy Lower Tier (Area) system.

(3) The Theater High-Altitude Area Defense (THAAD) system.

(4) The Navy Upper Tier (Theater Wide) system.

(5) Other Theater Missile Defense Activities.

(6) National Missile Defense.

(7) Follow-On and Support Technologies.

(b) TREATMENT OF NON-CORE TMD IN OTHER THEATER MISSILE DEFENSE ACTIVITIES ELEMENT.—Funding for theater missile defense programs, projects, and activities, other than core theater missile defense programs, shall be covered in the ''Other Theater Missile Defense Activities'' program element.

(c) TREATMENT OF CORE THEATER MISSILE DEFENSE PROGRAMS.—Funding for core theater missile defense programs specified in section 234, shall be covered in individual, dedicated program elements and shall be available only for activities covered by those program elements.

(d) BM/C3I PROGRAMS.—Funding for programs, projects, and activities involving battle management, command, control, communications, and intelligence (BM/C3I) shall be covered in the ''Other Theater Missile Defense Activities'' program element or the

''National Missile Defense'' program element, as determined on the basis of the primary objectives involved.

(e) MANAGEMENT AND SUPPORT.—Each program element shall include requests for the amounts necessary for the management and support of the programs, projects, and activities contained in that program element.

**SEC. 240. ABM TREATY DEFINED.**

For purposes of this subtitle, the term ''ABM Treaty'' means the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Anti-Ballistic Missiles, signed at Moscow on May 26, 1972, and includes the Protocols to that Treaty, signed at Moscow on July 3, 1974.

**SEC. 241. REPEAL OF MISSILE DEFENSE PROVISIONS.**

The following provisions of law are repealed:

(1) The Missile Defense Act of 1991 (part C of title II of Public Law 102–190; 10 U.S.C. 2431 note).

(2) Section 237 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160).

(3) Section 242 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160).

(4) Section 222 of the Department of Defense Authorization Act, 1986 (Public Law 99–145; 99 Stat. 613; 10 U.S.C. 2431 note).

(5) Section 225 of the Department of Defense Authorization Act, 1986 (Public Law 99–145; 99 Stat. 614).

(6) Section 226 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100–180; 101 Stat. 1057; 10 U.S.C. 2431 note).

(7) Section 8123 of the Department of Defense Appropriations Act, 1989 (Public Law 100–463; 102 Stat. 2270–40).

(8) Section 8133 of the Department of Defense Appropriations Act, 1992 (Public Law 102–172; 105 Stat. 1211).

(9) Section 234 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1595; 10 U.S.C. 2431 note).

(10) Section 235 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2701; 10 U.S.C. 221 note).

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

Mr. WARNER. This amendment, of course, is the first one recited in the agreement just reached less than an hour ago by the U.S. Senate regarding the procedures by which the Senate will address the authorization bill for 1996. This particular amendment entitled ''bipartisan amendment,'' is the result of negotiation by myself; the distinguished Senator from Maine, Mr. COHEN; the ranking member of the Armed Services Committee, Mr. NUNN; and the distinguished Senator from Michigan, Mr. LEVIN.

We should note that we have served together some 17 years on this committee. And the four of us from time to time have often been tasked to work through difficult issues, particularly issues relating to international matters. It happened many times under the chairmanship of Senators Stennis and Tower and Senator Goldwater and, indeed, going as far back as Senator Jackson.

Mr. COHEN and Mr. NUNN initiated many of the discussions which led up to this particular negotiation. And during the course of their discussions there was a decision of the majority leader, together with the chairman of the Armed Services Committee, Mr. THURMOND, and indeed the Democratic leader, Senator DASCHLE, that the four of us should try to resolve what appeared to be at that time a very difficult gap. And indeed, at that time, it was questionable whether that gap could be bridged. That has now been done.

By way of background, I simply want to say, Mr. President, this is an issue which has concerned this Senator for many, many years. I was in the Department of Defense at the time the ABM agreement was negotiated, and by virtue of my office as Secretary of the Navy at that time and my responsibility as the principal negotiator of the Incidents at Sea Agreement, I was in Moscow in May 1972 with President Nixon, Dr. Kissinger, and others at the time the ABM agreement was signed between the United States and the Soviet Union.

I simply note that footnote of history to underline my personal knowledge that the ABM Treaty was never, never, never envisioned by the drafters or the signatories to apply to theater missile systems. It has long been my goal, together with many others here in the Senate, to make certain that the ABM Treaty is not reinterpreted or amended or in any other way revised so as to put a limitation on the ability of the scientific expertise of this country to devise systems to deter and then, if deterrence fails, defend against theater missile ballistic systems.

What better evidence for the necessity of these defensive systems than what we saw in the gulf war where we, the United States, took the single largest number of casualties at any time during that conflict, from a single theater ballistic missile, a Scud missile sent by Saddam Hussein and his armed forces onto a barracks housing many U.S. military personnel.

This amendment goes a long way, perhaps not as far as this Senator and other Senators might have desired, but nonetheless it goes a long way toward making it clear that the Administration, as it addresses changes, modifications or clarifications to the ABM Treaty, will do so in a manner consistent with our Constitution, namely, to come to the Senate of the United States under the advice-and-consent clause, to make certain that such amendments as may be adopted in the future—particularly ones clarifying the demarcation between what is a theater missile defense system and what is an antiballistic missile system; together with others relating to range, velocity, the number of deployment sites and the like relating to theater defense systems —are all submitted to the Senate so that the Senate is a full partner to any decisions by this Nation with respect to future systems for theater missile defense. That was the main thrust here.

In other areas of this amendment we address the clear intention of the United States to deploy both a national system as well as a theater system. That is consistent with the overwhelming desire of the American people that we move forward in this area. Many people in America, the vast majority according to polls, think we already have in place systems that will protect this great country of ours from an accidental attack, an unintentional attack, or a limited attack. But, unfortunately, that is not the case. And, likewise, with the theater missile defense systems, we should have in place more modernized, more effective systems than the current Patriot.

I believe that the bipartisan amendment on missile defense is a significant step forward. As with all such negotiated amendments, neither side ended up with everything it wanted. But the result of this effort by Senators is a Missile Defense Act of 1995, a substitute to the original one in the bill, which sets a clear path to the deployment—and I stress the word deployment—of effective missile defenses, both theater and national, to protect the territory, citizens and forward-deployed forces of the United States.

This revised Missile Defense Act of 1995 establishes a policy of developing for deployment a multiple-site national missile defense system capable of defending the United States; and prohibits any final effort by the Administration to impose limitations, without the consent of the Senate, on the development and deployment of U.S. theater missile defense systems by virtue of new interpretations of the ABM Treaty of 1972. This Treaty was never intended to apply to theater systems of deterrence and defense.

The principal focus of my remarks today is on the changes made to Section 238 of the Missile Defense Act of 1995—the so-called Warner amendment which was incorporated by the Armed Services Committee into the bill. As it originally appeared, Section 238 used the Senate's power of the purse to impose a broad and absolute prohibition on the administration's ability to take any action which would impose ABM Treaty restrictions on the development and deployment of theater missile defense systems. These systems are urgently needed to protect the lives of the men and women of the Armed Forces, United States and allied, who are forward deployed into hostile situations.

The bipartisan amendment achieves our goal—namely, to prohibit the administration from implementing any agreement with Russia which would impose limitations, including performance, operational or deployment limitations, on theater missile defense systems, unless the Senate exercises, pursuant to a Presidential submission of such agreement, its constitutional right of advise and consent.

Mr. President, as I said last week during the Senate's original debate on the Missile Defense Act of 1995, I have long believed that we must accelerate the development and deployment of operationally effective theater missile defense systems for our troops—defenses that are not improperly constrained by the ABM Treaty. Likewise we must, in the interest of the American people, make a clear statement of our national determination to proceed to a national defense system to protect against the threats enunciated in this bipartisan amendment.

The threat that theater missiles pose to our forces is clear—30 nations have such systems, and more are acquiring the same capability. The gulf war should have caused all Americans to unite behind this missile defense effort. What can be more terrifying than the thought of U.S. citizens—both at home and deployed overseas—defenseless against the type of weapons of terror used by Saddam Hussein? And yet, here we are 5 years after that conflict, and our troops are still not adequately protected from ballistic missile attacks, and there are those who still resist efforts to move forward in this area.

Mr. President, it became evident to me, earlier this year, that our crucial effort to develop and deploy the most capable theater missile defense systems was in danger of being unacceptably hampered by the administration's desire to achieve a demarcation agreement with the Russians. They were actively negotiating toward that goal. Several of the negotiating positions either proposed or accepted by the administration would have severely limited the technological development of U.S. theater missile defense systems, and would have resulted in an international agreement imposing major new limitations on the United States. Consequently, I have taken actions in 1994 and now in 1995 to prohibit such actions by the administration.

Mr. President, previously I have tried other avenues to have the Senate's voice heard on the issue of ABM/TMD demarcation. My preferred option—and the one which I tried last year—was simply to require the President to present to the Senate for advice and consent any demarcation agreement which would substantively modify the ABM Treaty. The Congress adopted my views and made them part of the fiscal year 1995 Defense Authorization Act.

However, despite that legal requirement, the administration has made it abundantly clear that it does not intend to submit any such demarcation agreement, pursuant to the Constitution, to the Senate for advice and consent. Although the administration was negotiating an agreement that would, in effect, make the ABM Treaty a TMD Treaty, administration officials believed that there was no need for the Senate to exercise its constitutional right to provide advice and consent to that agreement.

It was clear that a new approach was needed. Therefore, I focused on the Congress' power of the purse to ensure that the views of the Senate were considered in the demarcation negotiations.

The bipartisan missile defense amendment preserves this approach. Section 238 prohibits the expenditure of funds for fiscal year 1996 to implement an agreement that would establish a demarcation between theater missile defense systems and ABM systems or that would restrict the performance, operation or deployment of U.S. theater missile defense systems, unless that agreement is entered into pursuant to the treaty making powers of the President, or to the extent provided in an Act subsequently enacted by the Congress. In other words, for the coming fiscal year the prohibition stands unless the Senate takes an affirmative act to change or remove that prohibition.

In addition, this provision establishes as a sense-of-the-Congress the generally accepted demarcation standard between TMD and ABM systems. Section 238(b)(1) states that ''unless a missile defense system, system upgrade, or system component, including one that exploits data from space-based or other external sensors, is flight tested against a ballistic missile target that exceeds a range of 3,500 kilometers or a velocity of 5 kilometers per second, such missile defense system, system upgrade, or system component has not been tested in an ABM mode nor deemed to have been given capabilities to counter strategic ballistic missiles.'' This was the standard used by the Clinton administration at the beginning of the demarcation negotiations in November 1993. The administration would be well-advised to return to that standard.

Mr. President, I would have preferred a prohibition that would have remained in effect for more than one fiscal year. I would have preferred a demarcation standard adopted in a binding form, rather than as a sense-of-the-Congress. But I believe that the essence of my original amendment was preserved in this compromise package.

This legislation represents a significant step forward in the effort to provide the men and women of the Armed Forces with the most effective theater missile defense systems that our great nation is capable of producing. I urge my colleagues to support the amendment.

Finally Mr. President, I wish to acknowledge my special appreciation and respect for Senator COHEN's very valuable contribution to the negotiations leading up to the bipartisan amendment. We have worked together for 17 years on the Armed Services Committee, and I value his advise and counsel.

I also I wish to commend a number of Members of the Senate, of the Armed Services Committee. Senator SMITH was very active, and Senator KYL, who is not a member of the committee, was very active in all of these negotiations. And I think we have reached a result which is in the best interest of the Senate.

And finally, this agreement would not have been possible without the outstanding work of a number of dedicated staff members. In particular, Eric Thoemmes of the majority staff of the Senate Armed Services Committee was instrumental to the successful conclusion of these negotiations. In my 17 years on the Armed Services Committee, I have not seen a finer job done by a Professional Staff Member. I thank him for all he has done for the Nation's defense. In addition, I would like to acknowledge the outstanding contributions of Bill Hoehn, Andy Effron and Rick DeBobes of the minority staff of the Armed Services Committee, Richard Fieldhouse of Senator LEVIN's staff, and Judy Ansley and Les Brownlee of my staff. A lot of hard work by both Senators and staff resulted in a package of which we can all be proud.

I thank again my distinguished colleague from Michigan for his valuable contribution to this effort.

I yield the floor.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Michigan.

Mr. LEVIN. I know my good friend from Virginia must leave, but on his way out, I do want him to hear my own feelings about his contribution to this institution and to this Nation, and more specifically to this agreement.

A number of us worked day after day after day, and Senator WARNER is really extraordinary in his commitment to resolving difficult issues in fair ways. I just want to tell him, again, what a pleasure it is to work with the Senator from Virginia.

Mr. WARNER. Mr. President, I thank my distinguished colleague.

The PRESIDING OFFICER. The Chair recognizes the Senator from Michigan.

Mr. LEVIN. Mr. President, when we debated the national missile defense and the antiballistic missile language in the defense authorization bill, a number of us felt that the bill was severely flawed in a number of ways.

First, we argued that the provisions in the bill would seriously damage our relationship with Russia by stating that we will deploy a national missile defense system. Such a statement of commitment to deploy would violate our treaty with the Russians, which says that neither party will deploy a multiple site system.

Our good friend from Virginia is, of course, right. The Antiballistic Missile Treaty did not cover theater missiles or short-range missiles. The missiles which are covered by this treaty are the longer-range missiles. But we have a treaty, and that treaty has been an important part of a stable relationship

when we had a cold war, and the preservation of our word now is particularly important when we are attempting to have a normal relationship with Russia.

The language in the underlying bill which said that it was our decision to deploy a system which would violate a treaty with Russia was the most troublesome of the language in this bill.

Those of us who opposed that language and sought to strike it urged on the Senate that this was a reckless course of action which could jeopardize the nuclear weapons reductions now taking place in the START I Treaty, and would also jeopardize the ratification of the START II Treaty. Those treaties are going to eliminate thousands of Russian nuclear warheads. Those treaties are going to reduce the number of Russia's warheads to 3,000, instead of the 8,000 warheads that they otherwise would have. That is a huge benefit for the security of the United States.

A decision to undermine the agreement and threaten the reductions which it has made possible is very serious business, indeed. That is what the Secretary of Defense told us, that is what the Secretary of State told us, that is what the Chairman of the Joint Chiefs of Staff, General Shalikashvili, told us.

They expressed grave doubts about the bill's language which would threaten our relationship with Russia. Those of us who strongly opposed the bill's provisions, relative to the ABM Treaty and national missile defense, also pointed out that the language unilaterally declared in law what the dividing line is between a long-range missile, which is covered by the Antiballistic Missile Treaty, and a short-range missile, or theater missile, which is not covered by the treaty.

Senator WARNER is exactly right, theater missiles are not covered by the ABM Treaty; only the long-range or strategic missiles are covered by that treaty. But what is the precise dividing line between the two? There is great bipartisan support in this body for having defenses against theater missiles. That is allowed by the treaty, and it is a real threat. But what is the dividing line between the two? That is the subject of negotiations, because it is part of a treaty that was negotiated.

But under the bill language, there was a unilateral declaration as to what the dividing line was, and there was a prohibition on the President negotiating any other dividing line. It is threatening enough to a negotiating partner to unilaterally declare something which is the subject of discussions and negotiations. It is particularly unsettling when the party that is representing us, the President, is not even allowed to negotiate anything other than what we declare unilaterally to be the dividing line. And the language in the bill, for which this language would substitute, actually prohibits the President or the President's representatives from sitting down and talking about what the dividing line should be. There was a funding prohibition which does not allow any funds to be spent even to negotiate, to talk, to discuss anything other than the dividing line, which we unilaterally declared in the Senate.

That is extremely unsettling to the negotiator on the other side of the table, and it makes it impossible to even discuss the subject because the language in this bill prevents anyone on our side to even talk to the other side about it.

Our amendment removes some of these very troublesome provisions. As the body well knows, we spent a long time debating this issue. My amendment, which would have struck some of the language which I have just described, lost by 2 votes. Subsequent to that, Senator COHEN, the Senator from Maine who has been a major contributor of just knowledge and background in this area, offered a sense-of-the-Senate resolution which was adopted by the Senate but which also raised some issues then about the underlying language. And then the President, or at least his advisors, indicated that the President would veto this bill based on a number of problems that they saw. But a major problem that they pointed out as a cause for the recommendation to veto the bill was the language relative to national missile defense.

So, at that point, what the majority leader, the Democratic leader, the chairman of the committee and the ranking member of the committee did was appoint Senators WARNER and COHEN on the Republican side, and Senator NUNN and myself on the Democratic side to see if we could negotiate a substitute version.

We have done that. We are going to be presenting it to the Senate for its consideration immediately following the recess, and I believe that our substitute cures a number of the defects in the underlying language.

First, the substitute amendment is explicit that there is no decision in this bill to deploy the national system. For instance, section 233(3) says that it is the policy of the United States "to ensure congressional review prior to a decision to deploy the system developed for deployment under paragraph (2)."

I repeat this language because it is, to me, some of the most critical language in our substitute: That it is the policy of the United States "to ensure congressional review prior to a decision to deploy the system developed for deployment under paragraph (2) of"—this is congressional review of—"the affordability and operational effectiveness of such a system; (B) the threat to be countered by such a system; and (C) ABM Treaty considerations with respect to such a system."

So the substitute is explicit on issues of affordability, military effectiveness, the impact on the ABM Treaty, and an assessment of the threat that must be made before any deployment decision is made.

Our substitute amendment allows the President to negotiate the demarcation between long-range and short-range missiles. Funds are restricted in this substitute for 1 year to implement an agreement which sets a different demarcation line, which our sense-of-the-Senate language feels is the right demarcation line. But the President is permitted to negotiate and, as provided for by our language, is told that if there is a different line provided for by those negotiations, then the President must come back to us for the funding to implement a different demarcation line.

Now, our substitute does some other important things. It recognizes the ABM Treaty in a number of places and in a number of ways. While the bill that we seek to amend with this substitute provided for the deployment of a multisite system—no ifs, ands, or buts, the ABM Treaty be damned—our substitute amendment provides that the development of a system for deployment can take place. The development of a system takes place, but with plenty of ifs, ands, and buts—before any decision to deploy is made.

I previously made reference to the fact that our substitute recognizes the ABM Treaty in a number of places and in a number of ways. Let me just briefly mention one of them. In section 233, subsection 8, our substitute states that it is the policy of the United States to carry out the policy's programs and requirements of subtitle C of title II of the act—and these next words are important for my point—"through processes specified within or consistent with the ABM Treaty, which anticipates the need and provides the means for amendment to the treaty."

Finally, Mr. President, let me say this. Even current law provides for the development for a deployment of a multisite system. But the current law attached conditions before any such deployment occurs. That is current law. Our substitute also provides that it is the policy to develop for the deployment of such a system. But it also attaches conditions to any deployment.

So the substitute amendment, Mr. President, does not commit the United States to deploying an ABM system, multisite or otherwise. It calls for development of such a system, which is already what we are doing, and explicitly requires Congress to review the program "prior to a decision" to deploy such a system. It also says that the system shall be "capable of being deployed" at multiple sites but not that it must be deployed at multiple sites.

This substitute amendment limits the scope very clearly of any national missile defense system, so that it is intended for use only to defend against limited, accidental and unauthorized missile attacks. That is very different from the what the star wars system was intended to be.

This substitute amendment is the product of bipartisan negotiation. It is a significant improvement, in many respects—and I have only enumerated some—over the original version. It was discussed and debated by the four of us at great length over a period of a week. I particularly thank Senators NUNN, COHEN, WARNER, and all of our staffs who spent not only day after day, but night after night negotiating this bipartisan substitute. I hope it finds favor with the entire Senate when we present it as an amendment to the defense authorization bill upon our return.

Mr. President, I ask unanimous consent that two documents that I prepared, the first called ''Missile Defense Act Provisions: Old Versus New,'' and the second, entitled ''Missile Defense Act of 1995: Substitute Amendment,'' be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MISSILE DEFENSE ACT PROVISIONS: OLD V. NEW

Here are two critical questions concerning the Missile Defense Act, and a comparison between the original bill and the new substitute amendment.

(1) Does the Act commit the U.S. to deploy a national missile defense (NMD) system?

Answer: The original bill (S. 1026) does commit the U.S. to deploy a multiple site national missile defense system by the end of 2003, and an interim system by 1999.

The substitute amendment does not commit the U.S. to deploy a national missile defense system. It explicitly requires a congressional review of the program ''prior to a decision to deploy'' an NMD system. (It makes it the policy of the U.S. to ''develop'' an NMD system for deployment.)

Before Congress makes any decision to deploy a national missile defense system, it must first review four issues: the affordability and operational effectiveness of the system, the threat to be countered by the system, and ABM Treaty considerations.

(2) Does the Act require the U.S. to violate the ABM Treaty?

Answer: The original bill does require the U.S. to violate the ABM Treaty by requiring the U.S. to deploy a multi-site NMD system by 2003, perhaps as early as 1999. And it declares it the policy of the U.S. to deploy a multiple-site NMD system.

The substitute amendment does not require the U.S. to violate the ABM Treaty. It states that U.S. policy is to carry out the provisions of the Missile Defense Act according to or consistent with the ABM Treaty.

---

MISSILE DEFENSE ACT OF 1995: SUBSTITUTE AMENDMENT

Side-by-side comparison of the Missile Defense Act in S. 1026 and the substitute amendment of August 10, 1995.

SEC. 233. POLICY

The bill asserted that the policy of the U.S. was:

—to ''deploy a multiple site'' national missile defense system that ''will be'' augmented to provide a larger defense in the future.

The substitute amendment has as the policy:

—to develop for deployment a national missile defense system that can be augmented.

—to negotiate with Russia to provide for such a system, based on the ABM Treaty.

—to consider, if those negotiations fail, the option of withdrawing from the ABM Treaty.

—the purpose of the system is to defend only against limited, accidental and unauthorized missile attacks a new provision in the substitute amendment states the policy that:

—Congress shall review the affordability, the operational effectiveness and the threat to be countered by the national missile defense system, and ABM Treaty considerations, prior to deciding whether to deploy the system.

The last new policy provision:

—to carry out the policies, programs and requirements of the Missile Defense Act through processes specified in or consistent with the ABM Treaty.

SEC. 234. THEATER MISSILE ARCHITECTURE

The Bill requires the Pentagon to meet certain dates for the specified programs.

The substitute amendment:

—relaxes the requirement to meet those dates,

—requires a report for each program/date explaining the cost and technical risk of meeting those dates,

—and requires a report on the specific threats to be countered by each TMD system.

SEC. 235. NATIONAL MISSILE DEFENSE ARCHITECTURE

The Bill requires the Pentagon to develop a national missile defense system which will be operational first in 2003. It requires the system to include ground-based interceptors ''deployed at multiple sites''.

The substitute amendment requires the Pentagon to develop a national missile defense system that is capable of being first operational by the end of 2003. It states that the system shall include ground-based interceptors capable of being deployed at multiple sites.

Interim capability:

The bill required the Pentagon to develop an interim capability to be operational by 1999.

The substitute amendment requires the Pentagon to develop a plan instead of a capability, and that it would give the U.S. the ability to have such an interim capability in place by 1999 if required by the threat.

The substitute amendment also requires a report that would include information on the cost of the program, the specific threat to be countered, and the Defense Secretary's assessment of whether deployment is affordable and operationally effective.

SEC. 237. POLICY REGARDING THE ABM TREATY

The Bill has sense of Congress language that:

—the Senate should conduct a review of the ABM Treaty,

—the Senate should consider establishing a Select Committee to conduct the review, and

—the President should cease all efforts to ''modify, clarify, or otherwise alter'' our obligations under the ABM Treaty.

The Bill requires the Secretary of Defense to provide a declassified record of the ABM Treaty negotiations. The substitute amendment adds findings related to the ABM Treaty, including that the policies, programs and requirements of the Missile Defense Act can be accomplished in accordance or consistent with the ABM Treaty.

The substitute amendment:

—strikes the proposal to establish a Select Committee

—strikes the proposal that the President cease all efforts to modify or clarify our obligations under the ABM Treaty

—strikes the entire provision calling for a declassified treaty negotiating record

—states that the Foreign Relations and Armed Services committees should conduct the review of the Treaty.

SEC. 238. PROHIBITION ON FUNDS TO IMPLEMENT A TMD DEMARCATION AGREEMENT

The Bill:

—states the policy that ''unless and until'' a missile defense system is tested against a target missile with a range greater than 3,500 km or a velocity greater than 5 km per second, it has not been tested ''in an ABM mode'' nor ''been given capabilities to counter strategic ballistic missiles'' (both of which are prohibited by the ABM Treaty), and therefore is not subject to ABM Treaty application or restrictions.

—prohibits any appropriated funds from being obligated or expended by any official of the federal government to apply the ABM Treaty to TMD systems, or for ''taking any other action'' to have the ABM Treaty apply to TMD systems. (This would prevent any discussion or negotiation by federal officials with the Russians to consider any other demarcation than the one specified in the bill.)

The substitute amendment strikes Sec. 238 and replaces it with:

—two findings that restate items from previous Acts

—sense of the Congress language defining the TMD demarcation (3,500 km/ 5kps), and stating that unless a TMD system is tested above the demarcation threshold, the system has not been tested in an ABM mode, nor deemed to have been given capabilities to counter strategic ballistic missiles''.

—sense of Congress language saying that any agreement with Russia that would be more restrictive than the demarcation provided should require ratification.

—Binding prohibition on funding: FY 96 DOD funds cannot be used to implement a demarcation agreement unless: provided in a subsequent act (majority vote), or if the agreement goes through the ratification process.

Mr. COHEN. Mr. President, in June, when the Armed Services Committee marked up the Defense authorization bill, the committee voted to put the United States on the path to deployment of a highly effective system to defend the American people against limited missile attacks.

Because we want to and must defend all Americans, not just those in a particular region of the country, we called for a multiple-site defense. And, because we can expect the threat to evolve to become ever more sophisticated, we called for a defensive system that would also evolve and a research and development program to provide options for the future. Since the national missile defense program approved by the committee goes beyond that being pursued by the administration, we added $300 million above the $371 million requested.

We also called for deployment of highly effective systems to defend our forward deployed forces and key allies and, to ensure this result, reorganized the administration's theater missile defense effort. A related matter involved negotiations being conducted with Moscow to define the line distinguishing TMD from ABM systems. Over the last year and a half, the Clinton administration has drifted toward accepting Russian proposals to limit TMD systems in unacceptable ways—in effect, to subject TMD systems to the ABM Treaty, which was never intended to cover theater defenses. The committee addressed this troubling situation

with two steps. First, we voted to write into law the Clinton administration's initial negotiating position on what constitutes an ABM system. And second, we adopted bill language to prevent the administration from implementing any agreement that would have the effect of applying ABM Treaty restrictions to TMD systems.

Last week, when the defense authorization act came to the floor, the committee's judgment was challenged. One amendment was offered to delete the additional $300 million provided for national missile defense. And another amendment was offered to eliminate the policy to deploy a multiple-site national defense system, eliminate the statutory demarcation between TMD and ABM systems, and eliminate the ban on applying the ABM Treaty to TMD systems.

As was the case during the committee's mark-up, these efforts failed in relatively close votes.

Mr. President, I have been on the Armed Services Committee since 1979 and have spent most of that time in the majority. It has not been our practice for the majority to use its position to impose its views on the minority. Instead, we have usually sought to develop as broad a consensus as possible on important issues of national security.

In this spirit, Members of the majority also offered amendments on the floor to move beyond close, partisan votes toward a broader consensus.

Senator KYL offered an amendment expressing the sense of the Senate that all Americans should be protected from accidental, intentional, or limited ballistic missile attack. His amendment setting forth this basic principle, which was the basis for the Armed Services Committee's action, was approved overwhelming, 94–5.

And to address the concerns of some Senators that the committee was advocating abrogation of the ABM Treaty, I offered an amendment affirming that the multiple-site defense we endorsed can be deployed in accordance with mechanisms provided for in the ABM Treaty—such as negotiating an amendment—and urging the President to negotiate with Moscow to obtain the necessary treaty amendment. My amendment was also approved by a very large margin, 69 to 26.

I highlight that vote margin because the bipartisan amendment we have negotiated would change even the language of the Cohen amendment, which was adopted overwhelmingly by the full Senate. I think this a clear indication of how far the majority has been willing to go in accommodating the minority in order to build a broader consensus.

THE BIPARTISAN AMENDMENT

The result of the negotiations that have occurred is the bipartisan amendment, which is being cosponsored by the four senators designated by the two leaders to resolve this issue. In order to reach agreement on this amendment, both sides made concessions, although it should be noted that many of the agreed upon changes are less concessions than clarifications of the Armed Services Committee's intent.

Senators interested in this matter can read the bipartisan amendment and compare it to current text of the bill. Our negotiations involved debate over almost every single word in subtitle C. For reasons of time, I will merely try to summarize the most important issues.

MISSILE DEFENSE POLICY

In section 233, which addresses missile defense policy, we have made a number of changes to clarify the intent of the committee's language.

The bipartisan text states that ''it is the policy of the United States to develop for deployment a multiple-site national missile defense system.'' The difference with the original text is that it substitutes the words ''develop for deployment'' for the word ''deploy.'' While I do not believe there was anything inappropriate with the committee's language, this change is consistent with the fact that what we are funding in this bill is research and development on national missile defense, not procurement. There will be a number of authorization and appropriations bills to be acted upon before we begin to fund the actual deployment of the system. I would note that the words ''develop for deployment'' were in the committee-approved bill, in the NMD architecture section, and so this clarification is consistent with the committee's intent.

Moreover, I would emphasize that the policy section clearly states—as did the committee bill—that the system we are pursuing is a multiple-site system. As the findings make clear, a multiple-site system is essential if we are to defend all of the U.S. and not just part of the country. This is also made clear in the NMD architecture section, which states that the system must be optimized to defend all 50 States against limited, accidental or unauthorized ballistic missile attacks.

This is further bolstered by the new language inserted by the compromise at various places that the system must be ''affordable and operationally effective.'' An NMD system confined to a single ground-based site would not be operationally effective, as noted in the ninth finding.

The bipartisan text also states in the policy section that the NMD system will be one that ''can be augmented over time as the threat changes to provide a layered defense against limited, accidental, or unauthorized ballistic missile threats.'' This passage was of great importance to many Members on this side who are concerned about the ability of the system to remain effective in the face of an evolving threat.

The committee-approved language stated that the NMD system ''will be augmented over time to provide a layered defense.'' There were strong feelings on our side about the words ''will be augmented.'' In the end, we agreed to change this to ''can be augmented.'' Again, while the committee's language had much to commend it, funding for deployment of other defensive layers will not be appropriated for several years.

The other changes to this passage, such as the inclusion of the words ''limited, accidental, or unauthorized'' clarify the ballistic missile threat for which a layered defense would be required, reflect the intent of the committee's bill.

At the suggestion of the other side, a new paragraph was added to the policy calling for congressional review, prior to a decision to deploy the NMD system. This is fully consistent with the committee's intent and the realities of the congressional budget process. Funds to begin deployment of the NMD system are not in the bill before the Senate. Thus, when such funds are requested, that request will pass through the regular process of committee hearings and mark-ups, floor consideration, and conference action.

Another change to the policy section was the inclusion of several portions of the amendment that I offered and that was approved by the Senate last week. This states that it is U.S. policy to ''carry out the policies, programs and requirements of (the Missile Defense Act of 1995) through processes specified within, or consistent with the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.''

It also states that it is U.S. policy to initiate negotiations with the Russian Federation as necessary to provide for the NMD systems specified in the NMD architecture section. At the urging of Congress in the Missile Defense Act of 1991, President Bush initiated such negotiations with Moscow. It is my understanding that tentative agreement was reached to provide for the deployment of ground-based multiple-site NMD systems. But the Clinton administration discontinued those negotiations. Under this legislation, it would be U.S. policy to once again engage Moscow in negotiations to amend the ABM Treaty or otherwise allow for multiple-site NMD systems.

The policy section then states that ''it is the policy of the U.S. to . . . consider, if those negotiations fail, the option of withdrawing from the ABM Treaty in accordance with the provisions of Article XV of the Treaty, subject to consultations between the President and the Senate.''

I would note that both amendment to the Treaty, as provided for in Articles XIII and XIV, and withdrawal from the Treaty, as provided for in Article XV, are ''processes specified within the ABM Treaty.''

Contrary to the concerns of some, the Armed Services Committee never advocated abrogation of the Treaty and the bill reported out by the committee neither required nor supported abrogation. The debate that took place during

the committee mark-up made it clear that there was absolutely no intent to abrogate.

These provisions regarding the ABM Treaty and negotiations with Moscow taken from the Cohen amendment and incorporated into the bipartisan amendment reaffirm what was always the intent of the committee.

Mr. President, I want to emphasize that these provisions and the other language in the section 233 clearly state that these policies are ''the policy of the United States.'' Not the policy of the Senate or the policy of the Congress. I say this because I have heard that an administration official has said that, once this bill becomes law, the administration will declare that these statements of U.S. policy are not its policy but merely the sense of the Congress.

The bill makes a clear distinction between statements of U.S. policy and expressions of the sense of Congress. We have spent a great deal of effort negotiating exactly what statements will fall into the policy section and which will be in the form of sense of the Congress. In fact, these negotiations began with Senator NUNN urging that the COHEN amendment be strengthened from being the sense of the Congress to a statement of U.S. policy.

Mr. President, I would merely note the obvious fact that once the bill becomes U.S. law, then the bill's statements of policy are U.S. policy.

NMD ARCHITECTURE

The bipartisan amendment also provides changes and clarifications regarding the architecture of the national missile defense system.

The committee's bill stated that the NMD system ''will attain initial operational capability by the end of 2003.'' The bipartisan amendment states that the NMD system will be ''capable of attaining initial operational capability by the end of 2003.'' This is a useful clarification because while Congress can mandate many things, we cannot dictate with certainty that engineers will accomplish specific tasks within a specific period of time.

In subsection (b) of section 235, our side did make a significant concession. The committee's bill directed the Secretary of Defense ''to develop an interim NMD capability * * * to be operational by the end of 1999.'' In order to achieve agreement with the other side, we have modified this to require the Secretary ''to develop an interim NMD plan that would give the U.S. the ability to field a limited operational capability by the end of 1999 if required by the threat.'' In both versions, the interim capability would have to not interfere with deployment of the full up NMD system by 2003.

Mr. President, I would also note that the bipartisan amendment retains the portion of section 235 that calls for a report by the Secretary of Defense analyzing ''options for supplementing or modifying the NMD system * * * by adding one or a combination of * * * sea-based missile defense systems, space-based kinetic energy interceptors, or space-based directed energy systems.'' As I discussed earlier, such options for layered defenses are of considerable interest to many Members.

To summarize, Mr. President, the bipartisan amendment both clarifies and changes the committee bill's provisions on national missile defense. It keeps us on the path toward a ground-based, multiple-site NMD system with options for layered defenses as the threat changes. But it recognizes that requests for NMD procurement funds will not be made for several years.

TMD DEMARCATION

The other issue that required much discussion was what is commonly referred to as the theater missile defense demarcation question. Senator WARNER will discuss this at greater length, but I would like to summarize the resolution that was achieved in section 238, which was completely rewritten with the assistance of many Senators.

The section has findings noting that the ABM Treaty ''does not apply to or limit'' theater missile defense systems. The findings also note that ''the U.S. shall not be bound by any international agreement that would substantially modify the ABM Treaty unless the agreement is entered into pursuant to the treaty making powers of the President under the Constitution.'' What this means is that any agreement that would have the effect of applying limits on TMD systems under the ABM Treaty must be approved as a treaty by the Senate.

Section 238 then states the sense of Congress that a defensive system has been tested in an ABM mode, and therefore is subject to the ABM Treaty, only if it has been tested against a ballistic missile target that has a range in excess of 3,500 kilometers or a velocity in excess of 5 kilometers per second. This threshold is the one defined by the administration and proposed in its talks with Moscow on this subject.

Finally, section 238 has a binding provision that prohibits implementation during fiscal year 1996 of an agreement with the countries of the former Soviet Union that would restrict theater missile defenses. This prohibition would not apply to the portion of an agreement that implements the 3500 kilometer or 5 kilometer per second criteria nor to an agreement that is approved as a treaty by the Senate.

But it would apply to all portions of an agreement that sought to impose any restrictions other than the 3500 kilometer or 5 kilometer per second criteria. Various other potential restrictions have been discussed, such as limits on the number of TMD systems or system components, geographical restrictions on where TMD systems can be deployed, restrictions on the velocity of TMD interceptor missiles, and restrictions on the volume of TMD interceptors missiles. Under section 238 of the bipartisan amendment, during fiscal year 1996, the administration is barred from implementing any of these potential restrictions or any other restrictions on the performance, operation, or deployment of TMD systems, system components, or system upgrades.

At the same time, Mr. President, there are no constraints on the ability of the President to engage in negotiations on the demarcation issue, which I know was an issue of concern to some. What section 238 controls is the implementation of any restrictions on TMD systems.

Mr. President, I want to acknowledge the efforts of the many Senators who contributed to the drafting of this amendment. Every member of the Armed Services Committee played a role, as did the two leaders, and key Senators off the committee. Senator KYL played a very constructive role, offering language that formed the basis for the resolution on section 238 and providing useful suggestions on the NMD portions of the bill. The chairman of the Armed Services Committee is to be especially commended for providing strong guidance to the negotiators and the committee, as a whole, and facilitating the talks along the way.

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

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

Mr. CHAFEE. Mr. President, as I understand, we are in morning business, and I am permitted to speak for 10 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. CHAFEE. Mr. President I ask unanimous consent that I might proceed for 20 minutes.

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

Mr. CHAFEE. I thank the Chair.

## REFORMING THE MEDICAID PROGRAM

Mr. CHAFEE. Mr. President, when the Congress returns from the August recess we are going to begin work in earnest on a very difficult part of the balanced budget effort which we are all dedicated to achieving, certainly on this side of the aisle.

Mr. President, I enthusiastically support our efforts to achieve the balanced budget by the year 2002. It is absolutely essential that we get Federal spending under control.

The 1996 budget resolution, the orders that came down from the Budget Committee to the Finance Committee, said that the Finance Committee must reduce spending within its programs by $530 billion over the next 7 years.

That is not a cut from existing levels, it is a reduction from where the

spending otherwise would have gone—$530 billion in 7 years. That is a monstrous task to achieve. Then the Budget Committee made some suggestions—not mandates, but suggestions—on how that $530 billion reduction in what otherwise would have been spent can be achieved.

The Budget Committee recommended that there be a reduction in the rate of growth of Medicaid by $182 billion over the 7-year period. The remainder of the Finance Committee's objectives would be achieved by slowing the growth in other programs such as Medicare, AFDC, and other spending programs.

Now, the resolution from the Budget Committee did not specifically require or call for Medicaid being transferred into a block grant. However, many believe that we cannot achieve these savings of the $182 billion without converting the program into a block grant.

Mr. President, I do not share that conclusion. I will spend a few minutes discussing the challenges confronting us as we attempt to achieve those reductions in growth.

First, a little bit about Medicaid. What is Medicaid? Who does it serve? Medicaid is a means-tested entitlement program, jointly financed by the States and the Federal Government, based on a formula that has the maximum contribution by the States being 50 percent in some wealthier States and going down as low as 20 percent in some States such as Mississippi, for example.

This is a program, financed jointly by the Federal Government and by the States, which is fully administered by the States.

Federal law requires States to cover certain groups of individuals and to provide certain benefits to those individuals. States receive matching payments based on a per capita income.

Now, not all individuals who are poor qualify for Medicaid. There is a belief if you are poor you get Medicaid. That is not necessarily so. The eligibility for Medicaid is limited to the following: Low-income families who receive cash assistance under programs such as AFDC; or children and pregnant women who do not qualify for AFDC but whose family incomes are at or near the poverty level.

Now, note this is not an adult male whose earnings are at or below the poverty level. He is not covered under this program. It is children and pregnant women who do not qualify for AFDC but whose families are at or near the poverty level.

Another group, the acute and long-term care costs of persons with disabilities—the disabled communities. In addition, certain health care services for the elderly.

Now, what are these? Medicaid pays the cost of Medicare part B premium. This is part of Medicare. The premium normally is paid by the beneficiary, but in very, very low-income Medicaid beneficiaries the part B premium is paid by Medicaid.

What about for that same group of people on Medicaid, those over 65 in most instances, who have to pay the deductibles or the copayments? If the individual is, again, a low-income individual, elderly, Medicaid pays those deductibles or copayments.

Medicaid also pays for services not covered by Medicare in some instances. For example, prescription drugs for our poorest senior citizens are paid for by Medicaid. Medicaid also pays to sustain three out of every four persons in nursing homes. That is a startling figure. Mr. President, 75 percent of the people, residents of nursing homes in the United States of America, are being paid for by Medicaid.

Now, I have here, Mr. President, a chart and it looks a little busy but I will explain it. This is the population of the Medicare beneficiaries, recipients.

Mr. President, 50 percent of the Medicaid population, those receiving benefits under Medicaid, are children. This shows the population percentage in Medicaid; this shows the expenditures for that population. For example, although 50 percent of Medicaid recipients are children, they only absorb 15 percent of the moneys spent by Medicaid.

Or another case, adults receiving—the pregnant mother I talked about—adults constitute 23 percent of the population receiving Medicaid, but only consume 12 percent of the funds.

This group I have just described, the pregnant mother with her children who are receiving AFDC or are poor—below the poverty level—constitute 73 percent of those receiving Medicaid, but they only consume 27 percent of the moneys.

The blind and disabled constitute 15 percent of the Medicaid population, but consume 31 percent of the money. The elderly constitute 12 percent of the population but consume 28 percent of the money.

The elderly and the disabled constitute 27 percent of the population, yet they consume 60 percent of the moneys. That is very important to bear in mind as we move through this little discussion.

Now, let me return to the budget issue. Republican Governors appear to be advocating that Congress enact legislation to convert the Medicaid program to a block grant to meet the savings targets contained in the budget resolution. This approach has been seized upon by many Republicans in Congress as a panacea to our Medicaid problems. This is a great way to solve everything—just block grant it.

The advocates of block grant propose that Congress repeal all Federal requirements with respect to eligibility, benefits, and quality standards. In other words, we would not have those anymore under the Medicaid program under a block grant.

Moreover, the proposal frequently made by this group is that the Federal dollars flow out with no State contribution.

As I previously mentioned, the program currently is partly State, partly Federal. In most on average the Federal share would be about 55 percent and the State share about 45 percent. That is what we call maintenance of effort, that the State has to continue to contribute.

The proposal is that we do not require that anymore. That the Federal Government turn over $773 billion with only one requirement over the 7-year period. Mr. President, $773 billion of Federal money would go out to the States with only one requirement on the States—that these moneys be spent on health care for low-income citizens. It does not define who would be eligible. It does not define health care services. It does not define what the quality standards. This is a very, very, dramatic proposal.

I think this approach is fraught with problems. First and foremost, I am concerned that States will be forced to make drastic reductions in services and eligibility to live within the 4 percent growth cap that is envisioned under the budget resolution. Under the budget resolution, we provide the States with money we gave them in 1994 and then we go up by 4 percent, realizing the Medicaid population will probably increase over that period.

What I am worried about is the effect would be more Americans without any type of health insurance. Already in our Nation, there are about 38 million people who are uninsured. I am very reluctant to see that pool of Americans without health insurance increase.

Even more troubling is my concern that there will be an attempt to reduce the rate of growth in Medicaid even more than that required in the budget resolution. As I say, the Finance Committee has a lot of flexibility here. We do not have to reduce Medicaid by $182 billion. We can reduce it by $190 billion or $200 billion. And, unquestionably, there will be a tendency, when we look at the large target of savings that have to be achieved under Medicare, to say, ''$270 billion out of Medicare, that is a lot. Let us just increase the savings somewhat in Medicaid''—Medicare being the program for those over 65, Medicaid being for that group that I previously discussed, primarily low-income families and low-income seniors.

If the Finance Committee adopts the budget resolution recommendations, Medicare growth rates are 7 percent and Medicaid 4 percent. These already, it seems to me, are disproportional, and any attempts to further reduce the rate of growth in Medicaid would cause me great concern.

Second, I am concerned about the complete lack of accountability, with no kind of strings attached to this block grant proposal. Surely we ought to have some guarantees that these funds will be spent for their intended purpose. How do we do that? That is left undescribed, so far.

A third, but very real, problem is the formula. This is a huge amount of

money. How is it to be equitably divided among the States? We have wrestled with that in welfare, but that is really the minor leagues compared to the expenditures and problems that come up with Medicaid. In Medicaid, we are dealing with hundreds of billions of dollars—not the tens of billions of dollars that we have so struggled with in determining a correct formula under AFDC. I would like to touch on each of those matters just briefly in a little more detail.

Living within the block grant: The budget resolution recommends the growth rate be brought down and leveled off at 4 percent by 1998. We can grow a little more in Medicaid next year, 7 percent, but by 1998 it has to be at 4 percent. That translates, as I said before, to a $182 billion reduction in the rate of growth over the next 7 years.

Under the block grant approach, each State would receive a fixed allocation. If there are more people eligible for Medicaid —which might be because of a recession or something similar—the States would either have to make up the difference or cut back on services and eligibility. The Governors who advocate the block grant assured Congress they would live within this absolute cap. It is true a number of States have begun enrolling families with children into managed care. That seems to be the solution that is proposed. States argue that they can achieve these savings by enrolling the Medicaid population into managed care. And, indeed, those States that have tried it have had some success.

However, Mr. President, here we get back to the percentage of eligibles in each category compared with the spending. Yes, you can use managed care with the 73 percent of the Medicaid population, the children and adults. It is possible to enroll this population in managed care and achieve savings. But the trouble is, you are only dealing with 27 percent of the expenditures. What about managed care for the elderly, and those up here, who constitute 27 percent of the population but are consuming 60 percent of the moneys?

The reality is that States have little or no managed care experience when it comes to long-term care. These folks, the elderly, this group—they are in nursing homes, for the most part. Arizona is the only State which has its entire Medicaid population in managed care. Its growth rate over 13 years of experience averages 7 percent, not the 4 percent we are trying to achieve. Mr. President, 7 percent is a long ways from 4 percent.

What about other administrative efficiencies? Some say we can do it under the block grant by repealing the so-called Boren amendment, which is a Federal requirement that State payments to providers under Medicaid be ''reasonable and adequate.''

The view is that you can repeal the Boren amendment and there will be tremendous savings. Yet, the Congressional Budget Office estimates that repeal of the Boren amendment would only yield $7 billion over this 7-year period—about $1 billion a year.

June O'Neill, director of CBO, in recent testimony before the House Commerce Committee, said the following:

> Improving the efficiency by itself almost certainly could not achieve reductions in the rate of growth in the order of magnitude being discussed. [She is talking about the delivery of services under Medicaid.] Some combination of cutbacks in eligibility, covered services or payments to providers [the nursing homes, the doctors, the hospital] would be necessary.

In testimony before the Finance Committee last month, Governor Lawton Chiles, our former colleague here, U.S. Senator for 12 years, now Governor of Florida, said under the block grant approach he would have no choice but to cut back on services and eligibility.

As States are forced to ration finite resources under a block grant, Governors and legislators would be forced to choose among three very compelling groups of beneficiaries.

Who are they? Children—here they are right here—children, the elderly, and the disabled. They are the groups that primarily they would have to choose amongst. Unfortunately, I suspect in that children would be the ones who would lose out.

My second concern is the issue of accountability. As I mentioned earlier, block grant proponents are pressing for a ''no strings'' approach—give us the money and do not tell us how we are going to spend it. As Governor Engler of Michigan made clear in testimony before the House Commerce Committee:

> * * * any financing mechanism that continues a Federal matching formula is not acceptable. I repeat: Not acceptable.

In other words, they do not want this so-called maintenance of effort.

I am confident that many States would use block grant funds appropriately. However, those who are familiar with the Medicaid Program need look no further than the so-called disproportionate share hospital program to find examples of diversion of funds, of Medicaid funds. I suspect the American public would be shocked to hear how many miles of highway have been paid for with Federal Medicaid dollars, or that at least one college stadium is reportedly known as the ''Medicaid Dome.''

As a former Governor, I am sympathetic to the urgent pleas of the National Governors Association for more flexibility. Every Governor wants that. Most of us would agree that the Medicaid Program could be greatly improved by repealing some of the more complex and burdensome requirements. However, I find the concept of completely abandoning all Federal standards troubling.

What are some of the standards that would be lost under the ''no strings'' approach of the block grant method?

What are we talking about when we are talking standards? Federal nursing home standards, for one.

During the 1980's, many nursing homes were warehouses for the elderly. Residents were left tied to their beds lying, in some instances, in their own filth. During the 1970's, we saw managed care plans in California receiving huge sums of Medicaid dollars for health care services they never provided. It turned out that one managed care plan in California had a 24-hour emergency number, and that turned out to be a phone booth on a street corner.

Under current Medicaid law, physicians and other providers of health care services are required to be licensed and hospitals have to be accredited. I think these are important quality standards. Perhaps some States would enact their own laws to address these concerns. But when we are dealing with hundreds of billions of dollars and millions of lives, I hate to take anything for granted.

It is perhaps because of my own experience as a Governor that I know the value of making Federal funds contingent upon a sizable State contribution.

I just want to relate a little anecdote. When I was Governor of Rhode Island, I went out with our director of public works driving over a new interstate highway we had just built. I saw a lot of lights along the highway. Immediately my thought was, What are all these lights doing there? That has to be terribly expensive. So I turned to the director of the department of public works. ''What about all those lights? Why do you have them?'' ''Oh, do not worry. That is 90–10 money,'' meaning the Federal Government pays 90 cents and the State only paid 10 cents. So why should we worry about some unnecessary frills such as this abundance of lights? I found that a perfectly acceptable explanation. Why not take it, 90–10?

But from that lesson, I realized that unless there is a sizable contribution percentagewise by the States, then there is a casualness in the expenditure of Federal dollars.

My last concern deals with how we go about allocating funds among the States under the block grant. We had, as I mentioned before, great struggles on the welfare bill that we are dealing with now on the allocation of funds. If we adopt the formula based on current Federal spending on Medicaid in each State, all States would get about a 19-percent decrease below the levels anticipated under current law. And reducing that rate of growth to achieve the $182 billion of savings would require every State to go down under its present allocation about 19 percent from where they otherwise would be.

What do we do with those States that are anticipating high population growth? There are many factors that could be taken into account. Some suggest that the allocation should be

based upon population. Under this scenario we would see a massive shifting of funding from the Northeast, from Pennsylvania, Connecticut, New York, and Rhode Island, a shift from those States to the South and to the West.

The State of Rhode Island would see a 42-percent reduction in Medicaid funds from what it otherwise would have received. New York would see a 50-percent reduction if we use the formula based on population and projected population growth. Utah would see a 30-percent increase in Medicaid money. Oregon would receive an 11-percent increase. I chose Oregon, New York, Utah, and Rhode Island because all of those States have representation on the Finance Committee. You can see right away that a major battle would ensue.

Having voiced my concern about the block grant, I would like to outline an alternative approach which I am currently working on to meet the savings targets contained in the budget resolution. Whatever we do, I am going to stick by those targets. As far as I am concerned nothing can come out of the Finance Committee wherein we do not meet our targets.

But here is another way of doing it which would provide the additional flexibility the Governors need to make their systems more efficient. Two steps could go a long way—not all the way but a long way—toward meeting our reconciliation responsibilities with respect to Medicaid.

First, a per capita cap on Federal spending for each beneficiary; *x* amount of dollars for every beneficiary. That would encourage the States to provide more cost-effective care, without sacrificing access to additional Federal funds in times of recession, as would result under a block grant approach.

Second, let us reduce and redirect the so-called Federal disproportionate share payments going to hospitals. I am not going to go into a great deal of description of disproportionate share. All I can say is it is fraught with abuse.

These two options that I mentioned—the per capita cap on Federal spending and reducing and redirecting disproportionate share payments to hospitals—could yield between $100 and $130 billion savings over the next 7 years.

Our second objective of giving the Governors additional flexibility to achieve efficiency could be realized. What can we do to help the Governors?

One, eliminate the requirements that States obtain Federal waivers before moving forward to implement managed care. Get away from this waiver business.

Two, repeal the payment requirements, such as the Boren amendment and its so-called reasonable-cost reimbursement.

Three, replace what is known as the Qualified Medicare Beneficiary [QMB] Program, which requires States to pay Medicare premiums and cost sharing for low-income seniors, and replace this with a more rational federally financed system.

In conclusion, Mr. President, we have two choices. We can convert the Medicaid Program to a block grant and send out the checks, tell the States, ''You are on your own. Take care of health care for low income. That is it.'' Or, Mr. President, we can acknowledge that the Federal Government has a greater responsibility in this than just sending the checks off in the mail. In partnership with the States, I think we have a responsibility to provide health care services to low-income seniors, children and the disabled.

The point I wish to make today is that with work and tough choices, we can meet our budget responsibilities without throwing this Federal-State partnership overboard as would result in the block grant approach. Certainly, that will be my preference between now and September 22, when the authorizing committees—in this instance the Finance Committee—must report their reconciliation legislation.

I intend to continue to explore ways to reform the Medicaid Program. In that regard, I welcome input. My tilt, as you know, is away from the block grant approach.

We need help. It is a tremendous goal that is set out, not only for the Medicaid Program but the Medicare likewise. The Finance Committee has tremendous challenges before us.

So, Mr. President, I thank you for this.

## APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to title 46, section 1295(b) of the United States Code, as amended by Public Law 101–595, appoints the following Senators to the Board of Visitors of the U.S. Merchant Marine Academy:

The Senator from South Dakota [Mr. PRESSLER], ex officio, as chairman of the Committee on Commerce, Science, and Transportation;

The Senator from Mississippi [Mr. LOTT], from the Committee on Commerce, Science and Transportation.

The Chair, on behalf of the Vice President, pursuant to title 14, section 194(a) of the United States Code, as amended by Public Law 101–595, appoints the following Senators to the Board of Visitors of the U.S. Coast Guard Academy:

The Senator from South Dakota [Mr. PRESSLER], ex officio as chairman of the Committee on Commerce, Science, and Transportation;

The Senator from Missouri [Mr. ASHCROFT], from the Committee on Commerce, Science and Transportation;

The Senator from South Carolina [Mr. HOLLINGS], from the Committee on Commerce, Science and Transportation;

The Senator from Washington [Mrs. MURRAY], at large.

## THE PRC'S MISSILE TESTS

Mr. THOMAS. Mr. President, as the chairman of the Subcommittee on East Asian and Pacific Affairs, I am dismayed to report to my colleagues this morning that the People's Republic of China has announced that it will conduct a new series of guided missile tests in the East China Sea between August 15 and 25. What dismays me about the announcement is that the tests—staged by the People's Liberation Army—will be the second series in less than a month to be conducted just off the coast of southeastern Zhejiang Province, and that the southern perimeter of the test area is only 90 miles north of Taiwan.

The PRC conducted similar tests of six air-to-air missiles from July 21 to 26 in an area only 60 kilometers north of Taiwan's Pengchiayu Island. The missiles test-fired consisted mainly of Dongfeng-31 intercontinental ballistic missiles and M-class short-range tactical missiles. At the same time, the PLA mobilized forces in coastal Fujian Province and moved a number of Jian-8 aircraft to the coast. It is likely that this new round of tests and exercises will be similar.

These tests clearly have a political purpose, and are meant as a warning to Taiwan to cease its efforts at expanding its international recognition. Although the PRC's Foreign Ministry, through its spokesman Shen Guofeng, has repeatedly denied any such purpose, I would remind them of one of their own sayings: ''Listen to what a person says, but watch what he does.'' These are the actions which call into serious question in my mind the validity of Mr. Shen's statement. The tests are being conducted within as close a proximity of Taiwanese territory as possible. While similar tests are a usual part of the annual training exercises of the Chinese 2d Artillery Corps, these are the only times in many years that the tests have been announced publicly. The tests follow closely on the heels of the private visit of President Lee Tang-hui to Cornell University, and amid a flurry of mainland Chinese invective denouncing the visit and President Lee. In conjunction with the tests, Taiwan intelligence reported that the PRC was planning on conducting a joint sea-air military exercise codenamed ''Jiu-wu-qi'' and that on July 16 the PRC Air Force stationed a number of F–7 or F–8 aircraft at airports located within 250 nautical miles of Taiwan—a highly unusual and provocative move.

The PLA is clearly the principal force pushing for the tests. At a time when the jockeying for position in the PRC's transitional post-Deng Government continues, taking what can be perceived as a soft stance toward either the United States or Taiwan is considered by many to be the equivalent of political suicide. When the Party and military hierarchy were assured by the Foreign Ministry that the United States would never allow President Lee

to visit, only to have the visa approved a few days later, it caused a serious ''we-told-you-so'' backlash from the hardline conservative PLA leadership. In order to maintain credibility with the military, and continue to enjoy their support, the political hierarchy has decided to react strongly—one would almost say overreact—to President Lee's visit and other perceived threats.

Mr. President, although the Taiwan Government and people have shown remarkable restraint in calmly facing these latest antagonisms, I am sure that a continuation of the mainland's provocations cannot go unanswered for long. This is especially true in light of statements such as a recent pronouncement by Chinese Defense Minister Chi Haotian, reported by the Chinese official news agency Xinhua on July 31, that the PLA will not undertake to give up the use of force in settling the Taiwan issue. Certainly, as the perceived threat to Taiwan increases, so too will their reaction. The PRC's tests are clearly behind an August 2 statement by Lt. General Ju Kai-sheng, President of Taiwan's Army Artillery Training School, that Taiwan is ready to establish anti-missile systems to beef up its defensive capabilities. Toward that end, Taiwan has struck a deal with the Massachusetts-based Raytheon Corp. to purchase approximately $796 million worth of Patriot missiles.

If the Beijing Government continues in this antagonistic posture, it will only end up shooting itself in the foot. I would remind the Beijing Government that pursuant to the three joint communiqués and the Taiwan Relations Act, the United States can supply defensive military technology to Taiwan. While we have not been predisposed over the last few years to exercise that right, continuing threatening military displays aimed at Taiwan will, I am sure, have an effect on that posture that the PRC will likely not appreciate.

## SAVINGS AND BENEFITS OF THE ''DIRECT LENDING'' REFORM FOR COLLEGE STUDENT LOANS

Mr. KENNEDY. Mr. President, 2 years ago, after a major battle with special interest groups, Congress enacted a far-reaching reform of the College Student Loan Program. We did so with strong bipartisan support, because the reform was so clearly beneficial to colleges and students alike.

The reform is called direct lending, because it permits college students to obtain their loans directly from the Federal Government through their colleges, rather than through assorted banks and guaranty agencies under the complex and costly Government Guaranteed Loan Program.

The 1993 reform brought major advantages to students. It cut student loan fees in half, reduced interest rates on all student loans, and created more flexible repayment terms. According to estimates by the Congressional Budget Office at that time for the 5-year period 1994 to 1998, direct lending as phased in by the 1993 legislation yields $2 billion in savings for the 4 million college students who rely on student loans to finance their education, and it yields $4.3 billion in savings to taxpayers over the same period.

Direct lending also addresses the need for a more efficient and streamlined Federal Government. The Guaranteed Loan Program—far from being a private sector enterprise—operates through a system of Federal subsidies and Federal loan guarantees to 7,000 lenders and 41 guaranty agencies, as well as 25 secondary markets, which are entities that buy loans in bulk from lenders and then process the loan payments made by the students. The guaranty agencies alone have over 5,000 employees—25 percent more than the entire Department of Education and 10 times more than the 450 Department employees who would manage a full Direct Lending Program. Taxpayers—not the private sector—pay for the gross inefficiencies of the complex Guaranteed Loan Program.

Despite the obvious advantages to students, colleges, and taxpayers of the direct loan system, there was a major battle in 1993 to enact this reform. Banks, guaranty agencies, and other middlemen in the Guaranteed Loan Program did not want to give up the profits they made.

The key to breaking the deadlock and enacting direct lending was the savings to the Federal budget. My own preference at the time would have been to use the full $6.3 billion in estimated savings to benefit students. But the compromise enacted—allocation of $2 billion to students and $4.3 billion to deficit reduction—was acceptable because it ensured the enactment of the reform.

Under the Student Loan Reform Act of 1993, direct lending is being phased in over a 5-year period—5 percent of student loan volume in the 1st year, 40 percent in this, the 2d year, 50 percent in the 3d and 4th years, and 60 percent in the 5th year. Beginning in 1996, direct lending is permitted to exceed these percentages if a larger number of colleges and universities decide to participate in the program. This gradual phase-in enables the Department of Education to implement the program in a sensible and efficient manner, and it permits all colleges and universities to decide whether to participate in direct lending.

The Direct Student Loan Program is now entering its 2d year of operation on college campuses across the country, and it is an outstanding success. Colleges and universities participating in direct lending are virtually unanimous in their praise for the program. As the financial aid director of the University of Idaho put it:

> How do we measure the success or failure of our program? It's obvious. The students. Our students continue to praise the program for its simplicity and ability to provide loan funds to them in a short period of time.

A college president in New York writes:

> With our first year of experience in direct lending behind us, I can say confidently that this is a system that works. It is more efficient for us, far better for the students, and it saves the taxpayers a significant amount of money.

But the banks, guaranty agencies, and other middlemen who profit from the Guaranteed Student Loan Program have never accepted the direct lending reform. They have constantly sought to undermine it and undo it in order to restore their special interest profits, even if it means higher costs and more redtape for colleges and students. Now they have found their opportunity—as part of the antieducation budget adopted by the new Republican majority in Congress.

This budget contains the largest education cuts in U.S. history. Federal aid to college students will be slashed by $30 billion over 7 years—a one-third cut by the year 2002. Individual students face an increase in their student loan debt of up to 50 percent.

The Republican budget resolution passed last spring also contained a special interest provision designed to lay the groundwork for eliminating direct lending. It orders the Congressional Budget Office to recalculate the cost of student loan programs under new guidelines intentionally skewed to make direct lending seem more expensive than guaranteed loans.

Congressmen GOODLING and KASICH released the new CBO estimates last month. Predictably, they assert that direct lending no longer saves taxpayers money. They claim taxpayers will save $1.5 billion over the next 7 years by eliminating direct lending and returning to the Guaranteed Loan Program that the banks and guaranty agencies prefer.

Nothing could be farther from the truth. CBO's 1993 estimates, showing that direct lending would save $2 billion for students and $4.3 billion for taxpayers over 5 years, were based on budget rules adopted on a bipartisan basis in 1990 and signed into law by President Bush as part of a comprehensive, congressionally mandated reform of Federal credit programs. These rules applied to all 60 loan programs of the Federal Government, not just the Student Loan Program.

The rules adopted in 1990 were designed to calculate the real costs of all Federal loan programs more accurately—including both direct loans and guaranteed loans. There was no intention to slant the figures one way or another. The goal was to provide greater accuracy in budget estimates for all Federal credit programs.

However, the 1993 estimates inadvertently disadvantaged the Guaranteed Loan Program compared to the Direct Loan Program in one respect—the manner in which the administrative

costs of the programs are calculated. An adjustment was needed to provide a more accurate comparison of the costs of the two programs.

But the special rule prescribed in the Republican budget is not an honest adjustment—it is a rule designed to put the Direct Student Loan Program at a disadvantage when the costs are compared.

Under that rule, all Federal administrative costs related to specific loans in the Direct Lending Program are included in the cost of direct lending. These costs include default management, collection of loans, oversight, and printing and processing loan forms. These same costs, however, are not included in the new CBO estimate of the cost of guaranteed loans.

In addition, one of the major costs of guaranteed loans as compared to direct loans—administrative payments to guaranty agencies amounting to $175 million per year—is also excluded from the new CBO estimates of guaranteed loan costs.

In other words, the special rule adopted in the Republican budget resolution is a flagrant attempt to stack the deck in favor of guaranteed loans. I do not blame CBO for this slant. CBO is simply providing estimates required by the rule devised by the Republican majority. I do not know whether this devious rule was adopted innocently at the instigation of lobbyists for the Guaranteed Loan Program, or whether it was adopted intentionally in order to slant the estimates. But I do know that the rule must be changed, so that a fair comparison can be made between the two programs.

If the figures are adjusted honestly, the Direct Loan Program is still much cheaper to administer than the Guaranteed Loan Program and still brings substantial savings to students and taxpayers.

According to preliminary estimates I have obtained from the Office of Management and Budget, under a fair rule, the savings from direct lending are cut in half, but direct loans are still 20 percent cheaper than guaranteed loans. If direct lending is eliminated entirely, it will not save $1.5 billion over the next 7 years, as Congressmen GOODLING and KASICH claim. Instead it will cost the taxpayer $1.5 to $2 billion over that period.

I have asked the Department of Education and OMB to work with CBO to provide a fair estimate in time for the battle in Congress in September between direct loans and guaranteed loans. But the bottom line already seems clear. Direct loans save money compared to guaranteed loans, and are a major benefit to colleges and students.

In addition, included in the alleged Republican savings of $1.5 billion from the repeal of direct lending are excessive cuts in management and oversight functions for both the Guaranteed Loan Program and the Direct Loan Program. If enacted, these cuts would seriously strain the ability of the Department of Education to manage student loans—whether direct loans or guaranteed loans. Ultimately, the taxpayer will pay—in the form of increased loan defaults, and increased fraud and abuse by unscrupulous institutions. Preliminary estimates based on studies by the congressional General Accounting Office and the Inspector General of the Department of Education suggest that these oversight and management cuts could cost the taxpayer up to $4 billion over 7 years in increased defaults, fraud, and abuse.

Finally, in order to prepare its estimates under the special budget rule, CBO had to recalculate overall Federal spending to reflect $6 billion in additional costs assigned to direct lending for the period 1996 to 2002. In other words, for the banks and guaranty agencies to get their way, the Republican majority had to quietly add $6 billion to the Federal deficit for the next 7 years. This fact goes unmentioned in the distorted analysis used by Congressmen GOODLING and KASICH to compare direct lending and guaranteed loans. In their zeal to repeal the Direct Loan Program, they are willing to accept a $6 billion addition to the Federal deficit.

I intend to do all I can to see that Congress rejects this unseemly Republican assault on direct lending. If the assault succeeds, it will result in higher up-front fees for student loans and higher interest rates on the loans. Repayment conditions for students will be harsher. The debts of individual students will go up. Students and colleges will once again be forced to endure excessive redtape. Colleges will have to wait for tuition payments well into the semester while students try to obtain loans from various lenders.

Under direct lending, students and colleges are the clear winners. Under this misguided Republican attack, banks and guaranty agencies will win—and colleges and students will lose. It is unconscionable for the Republican majority to make the widely respected CBO an accomplice in this scheme by cooking the budget numbers. This attempted giveaway to banks and guaranty agencies is corporate welfare of the worst kind, and it ought to be soundly repudiated by Congress.

Mr. President, I ask unanimous consent that two graphs be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT'S FAIR AND WHAT'S UNFAIR ABOUT THE REPUBLICAN SPECIAL RULE FOR COMPARING COSTS OF DIRECT LOANS VERSUS GUARANTEED LOANS

FAIR

To calculate Direct Loan costs on the same basis as Guaranteed Loans.

UNFAIR

To include Federal administrative costs for specific loans in cost of Direct Loans and not in cost of Guaranteed Loans.

To exclude from cost of Guaranteed Loans Federal payments to guaranty agencies.

RESULT

Direct Loans appear more expensive than Guaranteed Loans, when in fact they are 20 percent less expensive.

WHO WINS ON PROPOSAL TO ELIMINATE DIRECT LENDING?

Republican claim: $1.5 billion savings over 7 years.

True cost to taxpayers over 7 years: $1.5 to $2 billion cost using fair budget rule; up to $4 billion cost in increased defaults, fraud, and abuse from cuts in oversight and management of guaranteed loan program; $6 billion cost from increase to deficit caused by special budget rule.

## A MESSAGE TO CROATIA

Mr. PELL. Mr. President, I wish to encourage President Clinton to ensure that Croatia's recent military offensive in Krajina will not result in wide scale human rights violations or lead to a wider war.

At first glance, it may appear counterintuitive to criticize Croatia for its victory over the Serbs, who it is generally agreed, were the original aggressors. ''Finally,'' it is natural to think, ''someone is willing to stand up to the Serbs.'' While I am in no way questioning Croatia's legitimate right to the nearly one third of its territory that had been controlled by the Serbs, I do believe we need to look a bit deeper.

While I sympathize completely with Croatia's now fulfilled desire to recover its territory, I am deeply concerned and disappointed by Croatia's military foray into Krajina. Croatia eschewed diplomacy and pursued a military campaign instead of diplomatic negotiations which had a good chance of success. In so doing, the Croatian Army has apparently in some cases, abused civilians as well as U.N. personnel. This much is for certain: Croatia has unleashed the largest single refugee flow in the 4-year-old conflicts in former Yugoslavia.

I am equally concerned about what comes next. What will happen to the tens of thousands of newly created refugees? How will Croatia treat the civilians left behind? How solid is Croatia's commitment to its Bosnian allies? What are Croatia's intentions with regard to an overall peaceful settlement? I believe that we should make clear to Croatia that we expect their actions in these areas to be transparent, forthcoming, and respectful of human rights.

We do, after all, have significant leverage. Croatia's leaders want to integrate Croatia into the rest of Europe. They want to rebuild the parts of Croatia damaged by the war and to see Croatia thrive economically. That, of course, will require a good deal of international support. I believe that we should make it clear to Croatia's leaders that if they wish to achieve these goals, they will have to take on certain responsibilities. They will have to

prove that Croatia is a country that respects the human rights of all people living in Croatia; that Croatia lives up to its international commitments, particularly the Washington Agreement of March 1994; and that Croatia is committed to a peaceful solution to both the Bosnian and Croatian conflicts.

I agree with President Clinton that the Croatian victory could provide a window of opportunity to resolve the Bosnian and Croat conflicts diplomatically. Whether or not that occurs, however, will depend to a very large part on Croatia. Accordingly, we must let Croatia know what we expect.

## BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, as of the close of business yesterday, Thursday 10, the Federal debt stood at $4,943,017,430,508.20. On a per capita basis, every man, woman, and child in America owes $18,763.78 as his or her share of that debt.

## CLINTON ADMINISTRATION CONTINUES FOREIGN AID TO NICARAGUAN CONFISCATORS

Mr. HELMS. Mr. President, on July 26, Secretary of State Christopher waived the prohibition on United States foreign aid to the Nicaraguan Government—on what he called national interest grounds—even though the Nicaraguan Government has failed to resolve the claims of properties stolen from Americans. Nicaragua has not resolved even one-third of the cases involving confiscation of properties owned by American citizens.

In order to comply with United States law, the Government of Nicaragua has four options: First, it can return the properties to the rightful owners, second, compensate the owners, third, develop a viable process to resolve claims, or fourth, submit cases to international arbitration. Despite this considerable statutory latitude, the Nicaraguan Government has nonetheless failed miserably in meeting the criterion required by United States law before any United States aid can properly be provided.

Since November 1994, following elections in which the Democrats lost control of both the United States House and the United States Senate, the Nicaraguan Government did pick up a bit of occasional speed and resolved in 6 months twice as may cases as were resolved in the previous 4 years, proving that the problem is not the Nicaraguan Government's inability to resolve these cases and thereby comply with United States law; no, it is the Nicaraguan regime's unwillingness to do so.

This is a problem of political will. So the Nicaraguans prevailed upon the Clinton administration to bail them out. Secretary of State Christopher dutifully complied so that United States foreign aid would continue to flow to the Chamorro regime which is still largely under the control of the Communist Sandinistas who brought ruin to Nicaragua while they were in control of the government in Managua.

Thus Secretary Christopher and the Clinton administration rewarded Nicaragua, claiming that foreign aid to that country is in the United States national interest.

Mr. President, I have received scores of letters from American citizens whose properties in Nicaragua were confiscated by the Sandinistas. These citizens reject the nonsense that assistance to the Nicaraguan Government is in the national interest of the United States taxpayer. In fact, they assert, it is the height of folly to send further foreign aid to a government that refuses to return their properties to them or fairly compensate them.

Mr. President, I ask unanimous consent that 20 of these letters be printed in the RECORD at the conclusion of my remarks. The others are available for inspection by anyone desiring to see them.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 31, 1995.

Hon. JESSE HELMS,
*Chairman, U.S. Senate Foreign Relations Committee, Washington, DC.*

DEAR SENATOR HELMS: We were appalled to learn of the Waiver to Section 527 of the Department of State Authorization Act exercised by Secretary Warren Christopher.

Progress on the resolution of property claims of U.S. citizens does not justify this waiver, as there are still over one thousand cases after 5 years of the Chamorro Administration.

We urge you to extend our protest to the Department of State.

Sincerely,

PETER R. SENGELMANN.

---

GLENDALE, CA,
*July 31, 1995.*

Senator JESSE HELMS,
*Senate Foreign Relations Committee.*
Att: Elizabeth Demoss

DEAR SENATOR HELMS: Our American property that was confiscated illegally by the Nicaraguan government in 1979 has not been returned yet. We have done everything they have asked us to do for the last 16 years, and nothing has happened. Just dilatory tactics and lies, pure lies.

As long as we keep giving them money, the American Properties will not ever be returned. Please DO NOT send them any more money. I work very hard to pay my taxes, please do not give them away.

I beg you.

Sincerely yours,
RENE CARDENAS AND JILMA CARDENAS.

---

MANAGUA, NICARAGUA,
*August 1, 1995.*

Mr. JESSE HELMS,
*U.S. Senator, Washington, DC.*

DEAR SENATOR HELMS: I have been learning that you are one of the best friends of the American-Nicaraguan Citizens who were expropriated or confiscated by the Sandinista Government.

This petition is sent to you, asking for your continuous effort to intervene before the U.S. Congress, so that the Nicaraguan government activates the due process of all of the U.S. Citizens who are still awaiting for a favorable resolution of our expropriated properties.

I have been claiming since 1990 and doing what I think I have to do to get my property back. At the moment, I could not find the way to get my problem solved.

Once more, I want to let you know how grateful all American citizens are knowing that you and our Republican party are interested in bringing back the justice to Nicaragua and its people, as well. Thank you for your time and hope for success.

Sincerely yours,
LILIANA ARGUELLO DE VARGAS.

---

MIAMA, FL,
*July 31, 1995.*

Hon. JESSE A. HELMS,
*U.S. Senate, Washington, DC.*

DEAR SENATOR: It is appalling to hear that aid has again been released to the corrupt government of Nicaragua.

My property was stolen from me by the previous Sandinista regime and to date, I have not been able to recover my house. I don't understand how the Clinton administration can continue to send my tax dollars to the thieves that are using what rightfully belongs to me.

I, along with numerous other Americans, feel betrayed by Clinton and his inept people in the Department of State that are contributing to the coverup of the Nicaraguan reality.

CHARLES W. KETTEL.

---

KEY BISCAYNE, FL,
*August 1, 1995.*

Hon. JESSE HELMS,
*Committee on Foreign Relations, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: President Clinton's decision to grant a waiver to Nicaragua demonstrates a blatant betrayal to US citizens like myself who have been struggling for the last 17 years to recuperate properties that were confiscated by the Sandinistas and blatantly stolen by Chamorro's government.

This letter is in total support of any legislation that will enable Congress and not the President to have the authority to grant any future aid to Nicaragua. The Clinton Administration has its own agenda and the protection of rights of American citizens is obviously not a part of it. What President Clinton has forgotten is that he in an elected official placed in such office by our votes. His granting this waiver to Nicaragua denotes his blatant disregard for the safety and wellbeing of US citizens abroad. Such move will not only affect him but his entire Democratic Party as well. Hopefully Congress will wake up and realize we are the voters.

Sincerely,
ANNA SOLORZANO RIVERO.

---

CARROLLTON, TX,
*August 1, 1995.*

Hon. JESSE HELMS,
*U.S. Senate, Washington, DC.*
Att: Elizabeth deMoss

DEAR SENATOR HELMS: My wife and I are among the many U.S. citizens owning property in Nicaragua which has been expropriated by the ex-Sandinista government. We urge you not to support the Clinton administration's attempt to continue aid to that country until it demonstrates a willingness to return these properties to their lawful owners.

Respectfully,
WILLIAM T. CRISWELL.

---

MANAGUA,
*August 1, 1995.*

Hon. JESSE HELMS,
*Chairman of the Foreign Relations Committee, Washington, DC.*

DEAR SENATOR HELMS: It is amazing that my Government seems satisfied with the

''progress'' that the Nicaraguan Government said it is doing returning the properties to U.S. citizens living in Nicaragua.

I personally appreciate your efforts and dedication you have given to the problem of American properties in Nicaragua. My Government has to realize that what you are doing is protecting your constituents, as the law requires from every Senator and Congressman of the United States, who have been elected for that purpose.

With my utmost respect,

EDITH COHEN.

---

PENSACOLA, FL,
*August 1, 1995.*

Hon. JESSE HELMS,
*U.S. Senate Committee on Foreign Relations.*

DEAR SENATOR HELMS: I regret to inform you the Nicaraguan Government has not returned my properties after years of worthless red tape, aggravations, and thousands of dollars of expenses. I was in Managua the week of February 27, 1995, met with various Government officials in charge of resolving property claims, and to date nothing has been resolved. I have received promises they are going to look into the claims, and they talk about issuing worthless bonds, which are unacceptable. No Foreign Aid should be given to the Nicaraguan Government till U.S. citizen's properties are returned!

Sincerely,

RICHARD J. BROCKMANN.

---

BETHESDA, MD,
*July 31, 1995.*

Hon. JESSE HELMS,
*Chairman, U.S. Senate, Foreign Relations Committee, Washington, DC.*

DEAR SENATOR HELMS: As a United States citizen, I am writing you as Chairman of the Senate Foreign Relations Committee to request your continued support to resolve the issue of U.S. citizen's property that was illegally confiscated by the Nicaraguan government in 1979.

As an effected party, my request for assistance is clear: Withhold financial aid to Nicaragua until the property of U.S. citizens has been returned or that just, adequate and effective compensation has been provided.

Unfortunately, the Chamorro administration, as did her predecessors, The Sandinista regime, continues to use the property issue as a political tool, disregarding the legal owner's rights in favor of attempting to ''legalize'' the illicit confiscations by them and their political allies.

It is clear that only by denying the aid package can there be any real pressure placed on the Nicaraguan government to proceed to a just resolution of this problem. Until this issue is satisfied there will never be true justice or democracy, weakening their fragile economy and needing more and more aid in the future.

Please continue to use the means that would return the properties back to their rightful owners. I as a U.S. citizen want justice for me and my family.

Sincerely yours,

EDUARDO J. SEVILLE S.

---

COCONUT GROVE, FL,
*August 2, 1995.*

Hon. JESSE HELMS,
*U.S. Senate, Chairman, Foreign Relations Committee, Washington, DC.*

DEAR SENATOR HELMS: I am writing to you in response to the distressing news that the U.S. State Department is going to go ahead and give foreign aid to Nicaragua.

As long as there are unresolved property claims of American citizens this aid should not be granted.

I am one of many U.S. citizens that still have such claims against the Government of Nicaragua and I refuse to see my tax money go to that Government.

I know that you will not allow such a misallocation of tax revenue occur.

Sincerely,

THELMA R. KNOEPFFLER.

ALTAMONTE SPRINGS, FL,
*August 1, 1995.*

Hon. JESSE HELMS,
*Dirksen Senate Office Building, Washington, DC.*

DEAR SENATOR HELMS: As an American whose property was confiscated by the Nicaraguan government, I appreciate your continued efforts to stop aid to Nicaragua. It is incredible that hundreds of millions of dollars have been given to a government which confiscated the property of U.S. citizens. Thank you for your work in trying to resolve this issue.

Sincerely,

FRANCISCO JOSE SOMARRIBA.

---

HATTIESBURG, MS,
*July 31, 1995.*

Hon. JESSE HELMS,
*Chairman, Senate Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: As an American citizen and in light of the decision made by President Clinton to give aid to the government of Nicaragua, I feel outraged and betrayed with such decision. The government of Nicaragua continues to illegally hold American citizens' properties. My property named ''Nagualapa'' continues to be in the hand of a Salvadorian national, with the blessing of the Nicaraguan government, in spite that the Nicaraguan Judiciary court has already ruled on my favor on three occasions. I strongly feel that as long as the Nicaraguan government maintains its position of indifference and refuses to resolve and return the lands to their lawful owners, no aid must be given to this government. Given this aid only sends a message to the current government that they can hold American citizens hostage to the whims of this government and fearful to make any claims on their properties. Allowing this aid is a slap on the face of all law abiding citizens of this great country.

Respectfully yours,

ERNESTINA S. DE ARANA.

---

BETHESDA, MD,
*July 31, 1995.*

Re Waiver to Nicaragua a mockery to United States citizens' rights.

Hon. JESSE HELMS,
*Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: President Clinton's decision to grant a waiver to Nicaragua, a country that has repeatedly shown defiance in returning confiscated properties to U.S. citizens as myself, clearly denotes this administration's ignorance of Nicaraguan politics as well as a lack of respect for the rights of U.S. citizens who have suffered by Chamorro's government.

As stated in previous letters, the Nicaraguan government has not made any efforts at all at resolving claims that have been pending for many years. There is no need for Nicaragua to comply with the devolution of confiscated properties since they know for a fact that not even the United States abides by its own stance of denying aid to countries who confiscate properties of American citizens. If our own government does not follow through, why should they? This is a simple law of behavior, if negative behavior is positively reinforced (money) why should the negative behavior cease?

I would like to request that Congress and not the President have the authority to grant future waivers to continue foreign aid. President Clinton has consistently demonstrated a profound ignorance in Nicaraguan foreign policy. Unfortunately some of us have to pay dearly for his mistakes. The only consolation is that soon all of us confiscated citizens will certainly know how to vote in the upcoming U.S. presidential elections.

Sincerely,

PATRICIA SOLORZANO SOLLOCK,
*MA, CPC.*

---

MANAGUA,
*July 31, 1995.*

Hon. JESSE HELMS,
*Chairman, of Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: I have been an American citizen for forty years and my husband is an FSO (Foreign Service Officer) already retired, who worked for the State Department abroad for thirty two years. I was confident that my Government was going to back me in my properties' claim. Even though the Nicaraguan Government gave me the resolution wanting to give me bonds, I did not accept them because they are worthless. My property has illegally been taken (my farm Sapoa) by Eduardo Hollmann Chamorro, nephew of Mrs. Violeta Chamorro, President of Nicaragua.

Thanking you in advance for all you've done for us, American citizens living in Nicaragua, I am,

Respectfully yours,

YOLANDA MARROQUIN.

---

EDISON, NJ,
*July 31, 1995.*

Hon. JESSE HELMS,
*Chairman, Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: Although we don't oppose humanitarian aid to the Nicaraguan people, we do object to illegal steps taken by the Administration in granting U.S. aid to the Nicaraguan Government in contradiction to U.S. legislative measures previously taken. Moreover, no verification has been made regarding the pre-requisite set by U.S. Congress to that aid. We not only appreciate but also support wholeheartedly hour fight on behalf of the property rights of Americans in Nicaragua, whose assets have been illegally taken or confiscated.

Very truly yours,

EMMADE LUGO

---

MANAUGA,
*July 31, 1995.*

Hon. JESSE HELMS,
*Chairman, Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: In view of the illegal and unwarranted action taken by the Administration, granting additional help to the Government of Nicaragua, in violation of the terms of the Gonzalez-Helms Amendment to Section 527, I protest against that action and demand that the U.S. Government properly defend the human rights of hundreds of American citizens whose properties have been illegally taken and/or confiscated by the Government of Nicaragua without proper and adequate compensation.

We greatly appreciate all your noble efforts and urge you to go on working and fighting for your fellow Americans.

Respectfully yours,

CLARISA C. DEREED.

---

MANAGUA,
*July 30, 1995.*

Hon. JESSE HELMS,
*Chairman, Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: How can my Government give aid to the Nicaraguan Government when most of the properties of U.S. citizens in Nicargua have not been returned?

I am not opposed to the aid to Nicaragua, but before that aid is given, my Government should be more responsible and make it its business to find out the truth regarding the return of the properties of U.S. citizens.

Thanking you and your staff for all the help and support you have given us, I remain

Sincerly yours,

PAUL H. GULKE.

---

SAN FRANCISCO, CA,
*July 31, 1995.*

Re your letter February 21, 1995.

Hon. JESSE HELMS,
*Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: The Chamorro-Sandinista government in Nicaragua has been unable to resolve my property claim. The government confiscated my properties for the only reason of being an American citizen living in this country since 1970. The following is a list of property claims I have against the Nicaraguan Government.

1.—Urban lot, part of the urban farm commonly known as ''La China'' with an extension of 27,914.69 varas cuadradas and registered with number 33448, Tomo CDLV, Folio 99/100 asiento 2;

2.—Urban lot, part of the urban farm commonly known as ''La China'' with an extension of 65,134.89 varas cuadradas and registered with number 33448, Tomo CDLV, Folio 92 asiento 30;

3.—Vacant lot located on Barrio Bolonia, olla El Nogal #167, registered with #51576, Tomo DCCLXV, folio 122 asiento 3; and

4.—House located in barrio Monsenor Lazcano, registered with #37750, Tomo DIV, folio 228, asiento 1.

Senator Helms stand firm. U.S. aid should not be given to Nicaragua until all property claims are solved in a just manner.

Sincerely,

CLOTILDE CARCAMO.

---

MANAGUA,
*August 1, 1995.*

Hon. JESSE HELMS,
*Senate Office Building, Washington, DC.*

DEAR SENATOR HELMS: We have been astonished to find out that the Nicaraguan Government is receiving United States help, despite their noncompliance to the US Congress mandate to protect and defend all US citizen's property.

This petition is being sent to you, asking for your continuous effort to intervene before the US Congress, so that the Nicaraguan Government activates the due process of all the US citizens, who are still waiting for a favorable resolution of their confiscated properties.

You, and your Republican colleagues are the only ones interested in helping American Citizen, confiscated by the Nicaraguan Sandinista Government. Once more, we respectfully ask you, for your help and support.

After five years of continuous to recuperate our inherited assets, up to now, has not been any success for a positive resolution. Please help us in this regard.

Sincerely yours,

SEGUNDO J. MONTOYA.
AGNES MONTOYA.

MANAGUA,
*July 31, 1995.*

Hon. JESSE HELMS,
*Chairman, Foreign Relations Committee, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: We challenge the appropriateness of the Administration's action, relinquishing US aid funds to the Government of Nicaragua, since it has not been met the requirement established by US law, as to the return of American properties taken or confiscated by the Government of Nicaragua, or adequate compensation being afforded to American citizens. You and the supporters of the Gonzalez-Helms Amendment are the only ones to defend the rights of American citizens in Nicaragua and for this reason we entirely back your position and action in this matter.

Respectfully and gratefully yours,

VALERIA ROMION L.

---

## FUNDRAISING LETTER

Mr. SIMPSON. Mr. President, one of my nicest colleagues, some months ago, drew my attention to a most intriguing document that had been sent, unsolicited, to his splendid wife. This little gem of an item was sent by an organization with which I have, alas, become too well acquainted: The National Committee to Preserve Social Security and Medicare.

I was most intrigued by this missive, and come the merciful end of these remarks, I trust that my colleagues will understand why. Most of them, I believe, already know that I have been reviewing the activities and structure of the American Association of Retired Persons, [AARP].

Let me simply say here that I had chosen to review the AARP, alone among seniors' groups, for a variety of reasons—ranging from Federal grant receipts, to failure to pay appropriate taxes, to hiding a massive business empire behind the glossy veneer of nonprofit social welfare law.

But, I took pains to point out, there is no law against distorting the truth. They may say some outrageous things, but there is no law against that. When they do that, using their first amendment rights, I would simply use mine to set the record straight—as I see it.

No, Mr. President, there is no law against uttering untruths, but neither is there a law against pointing out untruths when they are uttered. And this pathetic document, from the National Committee to Preserve Social Security and Medicare, is a case study in distortion, fear-mongering, sophistry, and yes, outright falsehoods. It is a shameful and disgraceful exercise, concocted with only one nefarious purpose: to frighten senior citizens out of their money.

Let me be directly, unmistakably clear to all out there who might be listening. If you are part of an organization like this, an organization dedicated to bilking seniors' out of their money in this way, please hear this: Do not take heart in my earnest review of the AARP. Do not assume that this is an open invitation for you to twist and to distort and to otherwise capitalize on the travails of your behemoth rival.

Because I certainly believe that this sort of wretched activity is also worthy of a congressional hearing. I know that the Aging Committee has looked at these mail-order practices before. Perhaps it will again. Perhaps I will do so in my Social Security Subcommittee: The topic will be ''Deceptive Tactics Employed in Fundraising.'' And this item will be exhibit A in that hearing.

Now, let me give a little historical background about this particular document:

Some weeks ago, I met in my office with Martha McSteen, the president of the National Committee, along with Max Richmann of the same group. This meeting occurred because I felt they had reneged on a promise they had made to me. They had come before the Finance Committee, and I had criticized them severely for their distortion of the ''notch'' issue—they had been perpetuating a notion without factual foundation, an idea that individuals in the ''notch'' had somehow been ''short-changed.''

At that time, they promised me that they would not continue to raise the ''notch'' issue. They conceded that the Notch Commission had correctly concluded that there was ''no legislative remedy.'' And so I was chagrined to see the ''notch issue'' raised yet again in a National Committee fundraising letter. So I asked them into my office to explain this.

They were very contrite, and most eager to please. They assured me that they would not continue to beat the drum on the ''notch'' issue, and then made me another promise. I had challenged them to employ a little honesty in communications with their members. I had said to them, ''I hope you will not say that we are cutting or reducing benefits when we are only proposing to slow increases.'' And they replied, ''Oh, no, Senator. We aim to be very truthful in that regard, unlike other rival groups. We will not employ that scare tactic.''

That is the way this group works. They come before the Congress and they smile, and they are accommodating, and then they send out these vicious, inflammatory, false statements to their membership.

Let me read from this document to my colleagues. I have made numerous notes on my copy, including occasional exclamations of ''H.S.''—initials for a phrase I shall not spell out here in this public forum.

For example, the National Committee is particularly insistent in drawing a line between ''earned entitlements'' and ''welfare.'' We can't do anything to address spending on Medicare, they say, because they have all been ''paid for.'' They even go so far as to talk about the monthly part B premium and to say, ''None of these benefits are handouts. You've earned * * * them through your * * * payments into the system.''

That is a flat-out lie. Medicare part B is not paid for with payments into the system. It is a direct benefit, unearned, it has no trust fund, and it goes directly from the general taxpayer's contributions to beneficiaries. Unlike part A, it is not financed by payroll tax contributions. The premium collected under part B is paid upon voluntarily joining the program, and accounts for only a small fraction of cost. Part B is a transfer of resources—like any welfare program—pure and simple.

Then they go on to say that their experienced, skillful lobbyists, ''helped convince Members of Congress to defeat the proposed balanced budget amendment because it did not include adequate assurances that Social Security would be protected.'' And further, ''Actual savings to Seniors * * * at least $1,000 per year.'' They go on to say that ''our political activism saved seniors a total of $4,521 in future retirement benefits.''

Again, that is so much malarkey. First, they reached that figure by lumping in various Medicare measures and then saying that they had saved over $4,000 in retirement benefits. Medicare is a not a retirement program, it is a health care program. Seniors who are not retired can receive Medicare. So the lion's share of the claim of $4,521 in savings disappears right there.

And the rest of it disappears, too, because there was never a suggestion that Social Security benefits would be cut because of a balanced budget amendment. In fact, we recently passed a budget resolution that meets the terms of that balanced budget amendment, and it does not cut 1 cent in Social Security benefits.

So the claim by the National Committee that they had somehow saved seniors from over $1,000 in Social Security cuts annually is an outright lie. We proceeded with our resolution precisely as if the BBA had passed, and no such cuts are contained in it.

The kicker, though, is that the reader is urged to send them some more money, so that they can save Social Security all over again. Another quote: ''No one else is fighting for''—enter name of the recipient—''in the same way the National Committee is today.'' This letter tells seniors that this committee is the only thing standing between them and the loss of their benefits.

Outrageous, despicable, contemptible.

I could go on—there is so much more. But let me turn to the poll that is contained in this letter. Here is a good one: ''Would you be able to maintain the retirement standard of living you're planning on if Congress cut Social Security and Medicare benefits by 20 percent?''

Here is another one: ''Would your other insurance and savings be sufficient to cover any hospital costs you may expect to incur during retirement if Congress severely reduces the amounts currently paid under Medicare part A?''

I cannot imagine how anyone—including my colleagues on the other side of the aisle—could find any factual basis for these questions. Even the severest critics of Republican budget plans do not allege that we are planning to ''reduce the amounts currently paid''—everyone on both sides agrees that it is only a question of how fast per capita Medicare expenses will rise. The latest figures are that they will go up from $4,800 to $6,700. Even the harshest critics contend only that benefits will not rise fast enough to meet expenses. For the committee to imply that anyone is plotting to reduce current benefits is an out-and-out lie.

Here is the final one that has to make you grab your sides: ''Before receiving this package today, were you aware that the National Committee's work has saved seniors thousands of dollars in future retirement benefits, such as the $4,521 you learned about in the letter?'' Well, as we have seen, that figure is a fiction, a falsehood.

I want my colleagues to imagine the ''average'' recipient of this letter, who is not here in Washington, does not follow our budget debates, but depends upon Social Security. This letter just might induce them to part with what they can barely spare—to be saved from destruction and send it to the National Committee. And that is indeed the intention of this letter.

This mailing was sent out by people preying upon our senior citizens, who have so little in the way of moral scruples that they seek to profit by using lies and fear to shake money out of them. Then they come here, before us, and they purport to care about the welfare of our elderly. What hypocritical, contemptible rubbish.

So I will indeed consider expanding the scope of the hearings in my Social Security Subcommittee, the chairman permitting. Perhaps the subject of unethical, untruthful tactics in fundraising is something that deserves closer attention from us. And if and when I go forward with such hearings, these people will be my first subjects of inquiry.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

I thank my colleagues and I yield the floor.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL RETIREMENT SECURITY POLL

Important!

You have been selected to represent your hometown of ——— in our National Retirement Security Poll.

Your participation in this important national poll today will help protect what is rightfully yours. But before you begin, let me ask you one crucial question:

Do you know how much you now have at stake in Social Security and Medicare?

DEAR CONCERNED AMERICAN: If you've never taken the time to add up your contributions over the years, the answer to my question above could really shock you.

For example, if hard-working people are now making between $20,000 and $40,000 a year, their annual contribution to Social Security and Medicare is between $2,000.00 and $3,000.00. And if they are lucky enough to be making around $60,000 a year, the amount soars to more than $4,500.00.

That's how much will be deducted from their gross pay this year—just for Social Security and Medicare!

Of course, it may not seem that high because the money is withheld from them in small amounts throughout the year.

It could be $100.00, $200.00. $300.00, even more—each and every month—for Social Security and Medicare.

Before you fill out the enclosed National Retirement Security Poll, I wanted to get you thinking about how much you really have at stake through the investment you have been making in Social Security and Medicare.

Check after check. Month after month. Year after year. You never see it. But it's real money.

And now that you're approaching retirement age, those benefits have become more important to you than they've ever been before.

You see, even though you've been putting all that money into the system throughout your entire working life, the odds are increasing every day that the Social Security and Medicare benefits you're counting on for your retirement years are being looked at by some politicians who want to use Social Security for other causes—like deficit reduction and balancing the budget.

That is why your participation in the National Retirement Security Poll is so important today.

Your views are critical to the National Committee's mission—right now—to protect your investment in Social Security and Medicare. The results will be tabulated confidentially and then distributed to the news media and your representatives in Washington:

Senator John W. Warner.
Senator Charles S. Robb.
Representative James P. Moran.

Your immediate help in our current efforts to protect your retirement security is needed. You see, your elected representatives really have not heard enough from people like you—people who will be retiring soon * * *

* * * and unless we stop certain politicians in Washington today, you could end up with Social Security and Medicare changes being made that would affect you and your retirement security.

But the only way the politicians can get away with that, is if you allow them to do it * * * if you don't take a stand * * * if you don't participate in our National Poll and help us protect what is rightfully yours.

I'm sure you've been keeping up with all the threats to Social Security and Medicare that have been popping up as the Clinton Administration and Congress keep wrestling with the budget deficit.

(You've probably even read recently that many Americans believe in the likelihood of UFOs more than they do the likelihood of receiving future Social Security benefits!)

The alarming truth is, people are losing faith in our great Social Security program. And why?

Because they keep hearing about budget tinkerers who think Social Security causes the deficit and want to restructure the programs in ways that would seriously undermine them.

Still others want to subject your benefit payments to a stringent ''means-test'' that would penalize you for working hard and doing well—a proposal that would turn Social Security into nothing more than a new welfare program!

Your Social Security is an earned entitlement, unlike welfare, and has not contributed one cent to the federal debt.

Your monthly deductions have been building up your eligibility for automatic inpatient hospital care when you reach age 65 through Medicare Part A. You also will be able to receive medical insurance for doctors' services and other outpatient care at a very reasonable monthly premium (currently $46.10) through Medicare Part B.

None of these benefits are hand-outs! You've earned and qualified for them through your lifetime of hard work and payments into the system.

But still, your investment in Social Security and Medicare is under attack today and we must be vigilant in order to protect these programs.

And something that you've invested so heavily in deserves the strongest protection you provide for it.

Let me remind you, once again, that thousands of dollars of your future retirement benefits could be at stake right now!

That is why I am contacting you today on behalf of the National Committee to Preserve Social Security and Medicare and asking you to participate in our National Retirement Security Poll.

The National Committee is America's largest and most successful organization devoted exclusively to protecting your retirement benefits through the political process.

Over the past 10 years alone, we have helped win more than a dozen major battles to protect Social Security and Medicare benefits.

Just this year we staged a massive, organized protest that helped convince members of Congress to defeat the proposed Balanced Budget Amendment because it did not include adequate assurances that Social Security would be protected.

Actual savings to seniors in future benefits: at least $1,000.00 per year.

In 1990, we set our sights on a budget proposal that would have raised Medicare premium deductibles and co-payments by $29,000,000,000.

After three weeks of massive protest by our members, the final budget reduced increases in Medicare premiums and deductibles by two-thirds of what was originally called for * * * saving seniors as much as $817.00 over five years in future benefits.

In response to an earlier proposal to permanently reduce the Social Security COLA (Cost-of-Living Adjustment), our staff delivered more than 8,000,000 signed Petitions of Protest to Congress the proposal was withdrawn * * * and we saved seniors about $2,064.00 over five years in future benefits.

On another occasion we overturned a Congressional attempt to push through a Medicare benefit cut that would have cost individual seniors about $640.00 over five years.

The National Committee has done all this—and much, much more—for seniors through the 13 years it has been in existence.

In just the four examples above, our political activism saved seniors a total of $4,521.00 in future retirement benefits.

And there have been many other times that we helped save seniors enormous amounts of money * * * money maybe not known to be at risk of being taken away.

Why do we do it?

Because if we don't, who will? Unlike other organizations that include political measures as one part of their service to seniors, our sole focus is on using the political process to secure your future.

After working your whole life, the approach of your retirement is no time to have the rug pulled out from under you * * * just because our nation's budget problems have gotten out of control.

So the National Committee goes to bat for you here in Washington every day.

We make sure that the deficit mess isn't worked out on the backs of people like you who have worked hard all their lives.

We protect what is rightfully yours. It's that simple.

How do we do it?

We use the power of numbers. Big numbers. Today the National Committee enjoys the ''clout'' of over 6,000,000 Members and Supporters. When we speak, the politicians know that we are talking for millions of voters. And you can bet they listen!

I've always said, ''I'll put the voices of a million hard-working, regular citizens up against a million dollars of special interest money any day!''

Yes, we have won our battles over the years because we have been able to bring millions of people together in a massive show of force against any messing around with their earned benefits.

We make the politicians pay attention to you. It's that simple.

That's why we've been able to protect your retirement benefits—so far.

But now the threat is more dire than it has ever been before. The pressure to cut government spending is growing stronger every single day on Capitol Hill and throughout official Washington.

And to make sure it doesn't start with your retirement benefits, just when you're counting on them, we have to become even larger and more powerful than we've ever been before.

We have to make sure that your single biggest retirement asset, the money you have contributed to the Social Security program, is not placed right up front on the sacrificial altar of budget cutting.

We have to stand together.

Us—the people who have contributed so much to the system.

Against them—those who are looking at our retirement income as money they can use to solve other problems.

Here's what you can do right now to protect your future.

First, please take the time to fill in the enclosed National Retirement Security Poll. Your answers will provide our lobbyists with the information they need to educate your elected representatives about what voters in their districts and states think and want—especially those of you they haven't heard from before!

It also helps us prepare our message to the public when we go on TV or speak to the newspapers.

And we must get the right message out, because * * *

* * * to hear some of the politicians and press talking about our generation today, you'd think we were asking for a hand-out.

Well, you and I know that's just not true. And it's certainly unfair that we have to fight so hard just to get back what we have already invested in the system.

But we have no choice * * *

* * * we have to fight. And we have to do it in the same way that our opponents do: through the political process.

Our experienced lobbyists fan out over Capitol Hill to convince officials not to tamper with your economic security—not now, when you're just getting ready to enjoy retirement.

So, what could be a better investment in your retirement years than the few minutes it will take you to complete your Poll right now?

We have the legislative experience and political savvy to make it all work. And we depend on the critical participation of affected individuals, like you, to make it all happen.

We are totally independent of Congress, every government agency, and all political parties.

We rely on concerned individuals, like you, who are willing to get involved in the struggle to make sure our nation keeps its commitment to Social Security and Medicare.

That's why, in addition to your critical participation in the National Retirement Security Poll, I would like to ask you to please consider supporting the National Committee's work protecting your retirement benefits by becoming a member.

All it takes is a single dues payment of $10!

By joining the National Committee now, when we need you most, you will be taking the most forceful step you can take to protect your Social Security and Medicare benefits before they are reduced or taxed more heavily or capped.

Only $10 Think about it * * *

* * * think about how small an amount this is when you consider the thousands of dollars the National Committee has already protected for you—and what it still must do to preserve your economic security throughout the glorious years now stretching out before you.

And in addition to knowing the National Committee is fighting to protect your Social Security and Medicare every day, your Membership also provides you with this slate of valuable benefits:

A one-year subscription to Secure Retirement, the news magazine for mature Americans that's packed cover to cover with information on how Social Security, Medicare and other programs can help you enjoy a more secure and happy retirement;

Legislative Alerts to fast-breaking news of Washington developments that involve your retirement benefits,

An exclusive toll-Free Telephone Hotline you can call 24 hours a day, 7 days a week, for the very latest Social Security and Medicare news from Washington; and,

A non-transferable Membership Card that names you as a Member of the National Committee—which, among other privileges, gives you a vote in the National Committee's annual election of its Board of Directors and on other issues submitted to the Membership for a formal vote:

And when you join, you do so with the confidence of knowing you may cancel your Membership for a full refund of your $10 if you become unhappy with the organization at any time. No questions asked.

Just $10 is all it takes to help keep our full-time lobbying force present, vocal and effective on Capitol Hill. It also helps us recruit new members like you—keeping us strong in numbers and political clout.

In fact, our goal is to add at least 5,000 new members from your state within the next month. And your Membership dues today will get us off to a good start * * *

* * * helping lead the charge toward our next million-member plateau and making us that much stronger in our political representation on your behalf throughout Washington.

No one else is fighting in the same way the National Committee is today.

Now, please take your first major step toward protecting your retirement benefits by turning to your official response form for the National Retirement Security Poll.

We need your opinions to show Congress just how harmful their actions might be to someone in your position.

Then, please—if you possibly can—help us protect your future by joining the National Committee today with your $10 dues payment. We really need your help.

And I think you need ours too.

I'll be watching for your reply in the enclosed pre-addressed return envelope. And thanks for getting involved.

Sincerely,

MARTHA A. MCSTEEN,
*President.*

P.S. We haven't asked for your help before—while we have been helping save Seniors thousands of dollars—because you weren't quite close enough to retirement. But now that that time is approaching, all we ask is that you participate in our National Retirement Security Poll and, if you possibly can, make a modest investment of $10 and join the National Committee today. Please help us help you preserve and protect the thousands of dollars you have been paying into the system every year. It could easily be one of the wisest investments you ever make.

P.P.S. If yours is among the first 50 responses received from your state, you will receive a free portable calculator similar to the one pictured on the flap of the enclosed reply envelope.

Before deciding whether or not to make a contribution to our work today, please think long and hard about the thousands of dollars you have been paying into the system throughout your working life. That's your money, every penny of it. Please help make sure you get what's coming to you by making a generous contribution to our work on your behalf today. Thank you for reading my letter.

NATIONAL RETIREMENT SECURITY POLL

(Commissioned by the National Committee to Preserve Social Security and Medicare)

1. Before receiving this package today, were you aware of the total amount you have been contributing to Social Security and Medicare every year? ☐ Yes. ☐ No.

2. If you answered ''No'' above, were you surprised at the size of the amount you have been putting into the system? ☐ Yes. ☐ No.

3. Do you expect Social Security benefits to provide a significant portion of your retirement income? ☐ Yes. ☐ No.

4. What percentage of your retirement income do you expect to be provided for by Social Security benefits? ☐ Less than 25%; ☐ Between 25% and 50%; ☐ Between 50% and 75%; and ☐ Between 75% and 100%.

5. Would you be able to maintain the retirement standard of living you're planning on if Congress cut Social Security and Medicare benefits by 20% ☐ Yes. ☐ No. ☐ Don't Know.

6. Would your expected retirement standard of living be eroded if Congress increased the level at which the benefits you have already earned are taxed? ☐ Yes. ☐ No. ☐ Don't Know.

7. Would your other insurance and savings be sufficient to cover any hospital costs you may expect to incur during retirement if Congress severely reduces the amounts currently paid under Medicare part A? ☐ Yes. ☐ No. ☐ Don't Know.

8. Would your retirement income be sufficient to pay for all the outpatient costs now covered by Medicare Part B for the low monthly premium of $46.10 that is currently in force? ☐ Yes. ☐ No. ☐ Don't Know.

9. How soon do you plan to retire? ☐ Within 1 year. ☐ Within 3 years. ☐ Within 5 years. ☐ Within 10 years.

10. Before receiving this package today, were you aware that the National Committee's work has saved Seniors thousands of dollars in full retirement benefits, such as the $4,521.000 you learned about in the letter? ☐ Yes. ☐ No.

11. Are you willing to become a Member of the National Committee to help us continue to use the political process to protect and defend your retirement benefits in the future? ☐ Yes. ☐ No.

CONTRIBUTION REPLY FORM

DEAR MRS. MCSTEEN: ☐ Yes, I've worked very had and expect to have Social Security and Medicare benefits when I retire. I'm counting on these benefits and that's why I want to become a Member of the National Committee, to join the fight to protect my retirement benefits through the political process in Washington.

My check for just $10 is enclosed. Please enroll me immediately for all the benefits you told me about in your letter. I understand that I may cancel my Membership any time I am dissatisfied for a full refund of my $10.

Please make your check payable to NCPSSM (or National Committee to Preserve Social Security and Medicare). (Dues include $3.00 for annual subscription to Secure Retirement magazine.)

Contributions or gifts to the National Committee are not tax-deductible.

## NYU SCHOOL OF LAW'S TRIBUTES TO FIRST LADY HILLARY RODHAM CLINTON

Mr. KENNEDY. Mr. President, the 1995 Annual Survey of American Law, published by the New York University School of Law, is dedicated to First Lady Hillary Rodham Clinton and contains a series of tributes that emphasize her remarkable ability, leadership, and contributions to public service throughout her career.

I believe that the tributes will be of interest to all of us in Congress who have worked with Mrs. Clinton and to millions of others throughout the country who admire her service to the Nation. She is a powerful voice for justice and opportunity, and I ask unanimous consent that the tributes may be printed in the RECORD.

There being no objection, the tributes were ordered to be printed in the RECORD, as follows:

[Tributes to First Lady Hillary Rodham Clinton, 1995 Annual Survey of American Law, New York University School of Law]

DEDICATION TO HILLARY RODHAM CLINTON

(Introductory remarks on behalf of the *Annual Survey* Board of Editors at the Hillary Rodham Clinton Dedication Ceremony, April 25, 1995, by Lauren Aguiar, Managing Editor, 1994–95)

I don't have the advantage of the previous speakers, all of whom possess a unique and personal vantage point on Hillary Rodham Clinton. Yet even though I don't know her, it still seems possible somehow to speak about her with equal passion and conviction. When someone like Hillary Rodham Clinton is the object of praise, someone who is so much a part of our national consciousness and culture, it is easy to pay tribute.

In explaining what prompted the Editors of *Annual Survey* to invite Hillary Rodham Clinton to be our Dedicatee, I'd like to share with you a book which I read several years ago by anthropologist Mary Catherine Bateson, the daughter of Margaret Mead. The book, entitled *Composing A Life,* explores the act of creation that engages us all—the composition of our own lives. Through the comparative biographies of five women, Bateson develops a novel theory about how to assess and value contemporary living.

The author invites us to view life as an improvisational art form: that transitions, diverse priorities, and challenges are not merely a part of our lives, but should be seen as a source of wisdom and empowerment. The book explains how, in modern times, it is no longer possible to follow the paths of previous generations. Our energies are often not narrowly focused on achieving a single goal, but are more divided needing to be continually rebalanced and redefined.

I refer to this book, and Bateson's theory, to illustrate the strength and diversity of Hillary Rodham Clinton's life. The Editors selected her as this year's Dedicatee because she serves as an example of the successful composition of a life, and as a role-model for those who will encounter the complexities of modern-day living.

When faced with needing to divide her energies—between family, work, and public service—Hillary Rodham Clinton has inevitably achieved an artful balance. She has managed priorities and combined her multiple commitments.

Because we live in a society which is often recalcitrant to accept change, people are frequently admonished for innovation and self-reformation. In our estimation, though, this flexibility demonstrates strength of character and wisdom. Hillary Rodham Clinton has adjusted quickly, finding ways to affirm herself and her skills in new environments.

In order to advance her convictions, she has remained flexible in the complex world of politics and the law, while holding firm in her fundamental resolve. Certain that her values and her choices are important, she has adhered to the goals of improving education for children, establishing legal services for the poor, creating opportunities for women, and providing health care for all.

Rather than pursuing a route already defined and established, she has practiced stepping off the expected road and cutting herself a new path. By redefining traditional notions of women and their place in this world, Hillary Rodham Clinton has neither played it safe, nor lived a life free of risk. In doing so, she has emerged not only successful and productive, but as an essential figure in the unabating struggle for equality.

Although Hillary Rodham Clinton's accomplishments and choices may be particularly encouraging and motivational for women, they are equally applicable to all people. Each of us has something to learn from how she has composed her life; she upholds her values and pursues her aspirations in a way which serves as an inspiration to us all.

In many ways, law school teaches us to play it safe, to make calculated and planned decisions about our lives and to execute that plan. The model for an ordinary, successful life offered to us is one of a single rising trajectory, and of focused ambition that follows a predetermined track. After graduating from law school, we are expected to take a job that symbolizes the first step on a sole, ascending ladder. In this day and age, though, I am not convinced that these assumptions will be, or should be, valid for many of us. As our lives unfold, we need a new and fluid way to imagine the future, and looking to the life of Hillary Rodham Clinton helps us to gain this insight.

From her example, we can draw an appreciation of a lawyer who has not been afraid to change or explore new prospects. She has worn many professional labels, always proceeding to new situations with graceful transitions. As a member of the faculty at Arkansas she made contributions to the academic and clinical world of law, as a member of a prominent firm she excelled in private practice, and as a mother she managed a home and cared for her family. As an advocate for children, she has continually sought the public good, and as First Lady of the United States, she has navigated the world of politics, the media, and policy making.

When young people so often lament the scarcity of positive role models, Hillary Rodham Clinton is someone from whom we can learn, and derive empowerment to realize our possibilities.

As *Annual Survey*'s 52nd Dedicatee, Hillary Rodham Clinton joins the esteemed company of Harry Blackmun, Barbara Jordan, William Wayne Justice, Judith Kaye and Thurgood Marshall, to name just a few.

In dedicating this year's volume to Hillary Rodham Clinton, we not only note her achievements, but praise her courage and conviction.

I am honored to introduce to you a woman who has composed a revolutionary life in many ways—as attorney, public servant, mother, policy maker, and First Lady—Hillary Rodham Clinton.

---

REMARKS OF PROFESSOR RICHARD ATKINSON, LEFLAR LAW CENTER, UNIVERSITY OF ARKANSAS

The work and heart of Hillary Rodham Clinton are happily coincident in her chief contributions to the law in Arkansas. The interests of women and children hold a primary claim on her emotions, and it is precisely in these areas that her legal legacy to the state is most significant. Her public commitment to these concerns has a long history and promises to extend indefinitely into the future.

By 1972, when she was still a law student, Hillary had already worked one summer with the Children's Defense Fund and had begun her association with the Yale Child Study Center. Twenty-three years later and less than a month prior to this writing, with her daughter at her side and the world's attention upon them both, Hillary was in Asia, still in the process of educating both herself and others about the problems faced by women and children.

In 1975 Hillary and Bill met me at the airport on my first trip to Fayetteville, Arkansas, and immediately took me to a volleyball tournament involving law faculty and students. Between games, students were sharing their excitement about participating in the University of Arkansas Legal Clinic, a newly-instituted program which gave law students hands-on experience and provided counsel to students and representation to people unable to afford an attorney.

Though the clinic was on the drawing board before she arrived, Hillary, as its first director, gave it life. Without diminishing the clinic's effectiveness, she skillfully designed the structure to minimize the opposition voiced by some members of the local bar who viewed it as a potential competitor for fees. Through the professionalism and thoroughness she inspired in the students, she won over the judges who were initially concerned about allowing students to be advocates in their courts. The program also benefitted from the reputation she quickly established, through her own court appearances, as an extraordinarily effective lawyer.

The windows of my law school office face the handsome building into which the clinic has recently moved. I more than occasionally glance at the folks entering the clinic and enjoy the thought that for more than two decades these clients, predominately women, have been finding assistance from an institution Hillary helped to shape. I could duplicate the experience if I were across town, observing the activity at Ozark Legal Services. There, too, she played a critical role in its inception while on the law faculty. Later, in 1976, President Carter appointed Hillary to the board of the Legal Services Corporation. She pushed hard for expanded access by the poor to legal assistance, drawing heavily on her experience in setting up both the University of Arkansas Legal Clinic and Ozark Legal Services. Now, in part because of her efforts, in country after country across the nation, the scene from my window is, at least for the moment, daily repeated.

In addition to such institutional impact, she also significantly influenced the law through the attitudinal changes she engendered. Many of her students have now assumed significant leadership roles as judges, lawyers and legislators, and none passed through her classroom unaffected, especially in regard to two areas. First, her high expectations of the students raised their expectations of themselves. Hillary was no less demanding of herself then, without the pressure of the White House glare, as she is now. And by both example and exhortation, she made it clear that she expected others to push toward their potential as well. In particular she had no patience with the argument, occasionally voiced then, that she was importing standards which were inappropriate for Arkansans, and I believe that she succeeded in dispelling, in most instances, that pernicious notion.

Second, she was a role model. There, I've said it, though award that the phrase is daily less fashionable. But we're talking the seventies here, and for anyone who was there, that is exactly what she was. Word was out that she was a tough litigator, that she had played a significant role in the Watergate hearings, that she had a Yale law degree, and that she could have gotten virtually any legal job she wanted. They saw that she was smart as hell and was in complete control of both her classroom and her subject matter. Their contact with Hillary was for many of these students, male and female alike, a catalyst that triggered a rethinking of the roles they assigned to ''lady lawyers''.

When Bill was elected Attorney General in 1976, they moved to Little Rock, and the lawyers and judges there were no more immune to her ability to confound conceptions than were their counterparts in Fayetteville. She joined the Rose Law Firm and consciously set out to hone further her skills as a litigator. In short order she became the firm's first female partner and helped to create opportunities for other women lawyers across the state.

Ultimately specializing in commercial litigation, Hillary savored its competitiveness, appreciated the living it provided, and both enjoyed and deeply respected her colleagues at the firm. That work, however, did not fully engage her emotionally. It was not her mission. She continued to take cases involving children's rights, devoted considerable energy to the formation of Arkansas Advocates for Children and Family, took a leadership role on the board of the Children's Defense Fund, and actively participated with her husband in thinking about how they could help address the significant social and economic problems Arkansas faced.

In November 1980, Bill was seeking election to his second term as governor. On election day, Hillary came to Fayetteville to vote and to work the five o'clock shift change at the Standard Register Company. I drove her back to the airport. Unsuspecting of the impending defeat. Hillary was tired, ready for the campaign to be concluded, and eager, she said, to get back to work. The work she had in mind was not her law practice, though she was thankful it would be there. Rather it was for her the reviving process of using her talents to improve the lives of women and children.

After an electorally enforced two-year hiatus, Bill returned to the governor's office, and Hillary began the work that would become, in my opinion, her single greatest contribution to Arkansas. In his inaugural address in January 1983, Bill singled out educational reform as the critical component in any plan to improve Arkansas' economic future. He then appointed Hillary as the chairperson of the Arkansas Education Standards Committee, a commission he created to devise a set of minimum standards for public schools. Her task was two-fold: to craft the standards and to create a public consensus about their desirability in order to make a tax increase to implement them politically feasible.

She held hearings across the state, both gathering information and dispensing it. If there is a high school gym in Arkansas where she did not meet the public, I am unaware of it. Her extraordinary knowledge, her exceptional skills as a facilitator, and, most important, the depth of her conviction about the rightness of this project galvanized public opinion. Less than eleven months after the creation of the standards committee. Arkansans passed a sales tax increase to fund the standards, which included minimum class sizes (no more, for example, than twenty students in a kindergarten class), a longer school year, a much lower counselor/student ratio, and enhanced curricular offerings, especially in the areas of science and math.

Back to my office window. A month ago, before the leaves intervened, I could see, to the left of the Clinic and a few hundred yards behind it, Leverett Elementary School. There too, Hillary is still at work.

In 1985 Hillary brought to Arkansas a preschool program that had impressed her on a trip to Israel five years earlier. The Home Instruction Program for Preschool Youngsters, known as HIPPY, was a logical extension of her work on the standards. She had found that a critical determinate of a child's performance in school is the educational level of the mother. HIPPY involves home visitations by teams of educators to show impoverished mothers how best to teach their preschool children in the home. It continues to be an enormously successful program.

Hillary has a good friend, Dr. Robert A. Leflar, who was her former law faculty colleague and who has a special connection to New York University. In fact, she lived in his Fayetteville home one summer when he was teaching, as he did for decades, at NYU's Appellate Judges Seminar, which he was instrumental in creating. At 94, he is the towering figure in the history of legal education and reform in Arkansas and ranks respectably among the great legal minds of the nation in this country. His autobiography, ONE LIFE IN THE LAW, modestly recounts his immersion in those pursuits. The definitive biography of Hillary will surely recount a similar immersion and a similar effectiveness.

The nation is now the beneficiary of the intellect, spirit, and commitment that continues to enrich Arkansas through the people and institutions Hillary Rodham Clinton touched. ''How do these decisions affect women and children?'' has become a refrain in the Clinton Administration. This is not an accident.

---

REMARKS OF LLOYD M. BENTSEN, FORMER SECRETARY OF THE TREASURY AND UNITED STATES SENATOR

It's a privilege to join in this tribute to Mrs. Clinton, a First Lady Americans know for her first-rate intellect, her engaging personality, and her commitment to serving the public.

B.A. and I have known eight First Ladies. I think each one has felt her job was the best job in America.

Over the last 40 years, each has followed a great tradition, using her special office to highlight a need in our country or help others improve their lot. They've all made contributions, as Americans would expect them to.

But I can't recall ever seeing anyone so committed to an issue and anyone work with the intensity and feeling that Mrs. Clinton

and the President did this past year on health care. When Congress reforms this country's health care system, we'll have Mrs. Clinton to thank.

The President often says we live in a time of change, and Mrs. Clinton—because she's been a working mother and an extraordinary lawyer—has changed the role of a First Lady.

She still maintains the great traditions. I've seen her at State Dinners, serve as a gracious hostess in America's most honored home. I've seen her raise funds for charities, and work with children who need special help, as every other First Lady before her has done.

But she also has taken on added responsibilities. I had never been in a policy meeting with a First Lady, until Mrs. Clinton entered the White House. I watched the President, in his moments of decision making, turn to her for advice and counsel in areas she's the expert on.

They're partners. They're a team. And their collective wisdom guides our country.

In a different time, this may not have worked. If Mrs. Clinton wasn't as talented as she is, it may not have worked. Knowing human nature, some of the people in the room would probably have played to her, thinking through her, they can get to the President.

I believe as more couples have two careers, and as more women enter public service, Mrs. Clinton serves as an inspiration to them.

She has a huge fan club in this country, and B.A. and I are proud to be among the admirers. You've picked a very worthy lady and lawyer to honor.

---

REMARKS OF DIANE D. BLAIR, PROFESSOR OF POLITICAL SCIENCE, UNIVERSITY OF ARKANSAS

In Carol Shield's recent novel The Stone Diaries, one character observes, ''Life is an endless recruiting of witnesses.'' When Hillary Rodham moved to Fayetteville in 1975, to teach at the University of Arkansas, nobody was consciously ''recruiting witnesses.'' Rather, as two of only a handful of female faculty members, she in law and I in political science, we quickly discovered many strong mutual interests (books, politics, children, education, the status of women) which drew us together and have sustained our relationship ever since.

However, as the friend with whom I once batted worn tennis balls in the city park and rode in a truck moving furniture became a national figure (and a media obsession), I have frequently been called by the press to share my memories and observations. At first, I was eager to do so: when one is familiar with and enthusiastic about a subject, sharing is a pleasure. And so I happily recalled instances of Hillary's devotion to her own daughter and her abiding interest in my five children; of her concern for her parents (and, again, for mine); and of her knack for thoughtful acts of friendship. I gave the inquiring press vivid vignettes illustrating her determination to bring out the best from each of her students when she was a teacher, and then her resolve to excel in the courtroom as well as the classroom. I gladly recounted the courage and wisdom and tenacity she demonstrated in leading the battle for better schools in Arkansas, working to upgrade Arkansas Children's Hospital, and helping establish Arkansas Advocates for Children and Families, and a statewide Single Parent Scholarship Fund.

Little of which was ever reported, or even—I began to suspect—recorded. As I enthused on about this attentive parent, devoted daughter, fun-loving friend, supportive spouse, talented teacher, advocate extraordinaire, the clicking computer keys of my interviewer would slow, and finally grow silent. And then, often, would come the question: ''Yes, but what is she really like?''

It may well take future historians, more interested in telling the truth than in ''exposing'' imaginary evils, to offer the complete portrait of Hillary Rodham Clinton; but perhaps this dedication issue, contributed to by those who actually know her work and her life, is a good contemporary beginning. So, for the record, here are a few moments I have ''witnessed'' since my friend became First Lady, and what I think those incidents signify.

President Clinton's first State of the Union Address, in February, 1993, was a home-run, a thrilling triumph. Afterwards, when aides and friends gathered in the Solarium to toast a very sweet success, someone called for a special salute to the First Lady, for whom the standing ovation from Congress had seemed especially heartfelt and fervent. Hillary was not there to receive the tribute, however. Upon returning to the White House she learned that Chelsea needed help with her homework, and so she had quickly excused herself from the celebration and hastened to her daughter's side.

In September, 1993, the national media gave rave reviews to Hillary's marathon, flawless, sequential presentations before U.S. Congressional Committees on health care reform. While I was delighted to see some positive press for my friends in the White House, two things struck me about these stories. First, there was something almost insulting, certainly patronizing, about the seeming astonishment (no staff! no notes!! complete and thoughtful sentences!!!) that a woman, a mere spouse, could execute so excellently on so public a stage. Second, what seemed so impressive to me about Hillary's achievement was that on the day preceding her unprecedented performance, (a day when most of us would have been demanding seclusion, cramming information, snarling at subordinates, and putting our families on hold), Hillary traveled to New York because it was important to the President that she be present for his first address to the United Nations, then rushed home for a school meeting where her presence was important to Chelsea. Only then, late at night, did she have time to fully focus and prepare.

None of these, or countless other daily juggling acts, makes Hillary Rodham Clinton eligible for martyrdom. Rather, as she would be the very first to point out, they simply illustrate the lives that most of the women who are her contemporaries are now living: trying to meet and balance all of our responsibilities, and find ways to usefully exercise all our talents.

The press grows impatient, I think, because they want an easily identifiable image, a simple story, someone who either cares about making herself and the White House look good, or cares about health care and women's rights. But most of the women I know (and surely many women in the media, which makes some of the strange stories especially bewildering) care about all those things, and many more besides. Few of us today have the luxury of choosing this *or* that, homemaker *or* professional, wife *or* worker. We are all those things, because they all must be done. Hillary Rodham Clinton simply happens to be the first of our First Ladies who has dared to do them all openly, and well, and without apology.

When I was a schoolchild I was both fascinated and horrified by stories of the canaries who were carried down into the mines as early warning systems for the miners; if poisonous gases started seeping into the mineshafts, the canaries would quickly expire, thereby giving warning to the men in the mines. I wonder now whether Hillary is playing the risky part of national canary for the women of America. If she can survive the distortions and misrepresentations, the poisonous slurs and constant criticisms, it will be easier breathing for us, and our daughters, and all the millions of women who are coming on behind. The smart money is on the canary.

---

REMARKS OF DR. ERNEST L. BOYER, PRESIDENT, THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING

In every generation, since the United States began, notable women have turned their talents to great causes, often becoming advocates for the least advantaged. Going beyond mere good works, and private acts of benevolence, these leaders, of great competence and conviction, profoundly influenced the public-policy issues of their day.

Consider, for example, Dorothea Dix, the Unitarian school teacher in Massachusetts, who led a national mental health crusade. By the time of the Civil War, in large part through her labors, twenty-eight states, four cities, and the federal government constructed public institutions to treat, more humanely, the mentally disabled.

In 1889, Jane Addams, with Ellen Gates Starr, founded Hull House in a dilapidated mansion, in a crowded Chicago neighborhood. Addams, combined a remarkable capacity for human sympathy with a brilliant gift of theoretical insights, derived from personal experience. Far from being a naive do-gooder, Jane Addams viewed settlement houses as a way to help new immigrants become empowered.

Earlier in 1882, Florence Kelly, a graduate of Cornell University, was refused admission to the University of Pennsylvania law school. Still, with her formidable political and legal skills, she crusaded against child labor—investigating, for example, the shocking working conditions of children, including the glass-bottle factories of Alton, Illinois, where boys as young as seven and eight worked from dawn to dusk, carrying trays of red-hot glass bottles through-out the factories.

At a time when protecting wildlife was gaining national attention, Kelley angrily noted the paradoxical neglect of children. ''Why,'' she demanded, ''are seals, bears, reindeer, fish, . . . buffalo [and] migratory birds all found suitable for federal protection, and not children?''

Largely through Kelley's efforts, the Illinois legislature, in 1893, prohibited child labor. In 1912, Congress created a federal Children's Bureau, through her influence. And then, six years after Kelley's death, Congress finally banned child labor.

Josephine Baker, a physician in New York City at the turn of the century, understood the link between health and learning. She aggressively promoted school nurse programs and basic health serv ices for needy children that became routine throughout the country.

All of these women possessed a passion for the downtrodden. They also brought sharp wits, political skill, and, not least, infinite patience and persistence, in the face of setbacks. They overcame the prejudicial barriers of their times, pursuing self-fashioned careers that helped shape, profoundly, the history of this nation.

Hillary Rodham Clinton is a part of this great tradition. Her intelligence and determination, brilliant flashes of humor, plus an unswerving commitment to human justice, and most especially, to children, make her a worthy successor to Dorothea Dix, Jane Addams, Florence Kelley, Josephine Baker, and a host of other leaders who have made America a more just and caring country.

Hillary Clinton is, above all, a consensus builder. In her commencement address, upon graduating from Wellesley, she told the audience: ''The challenge now is to practice politics as the art of making what appears to be impossible, possible. . . . It is such a great adventure. If the experiment in human living doesn't work, in this country, in this age, it is not going to work anywhere.''

Years ago, I followed, with great admiration, Hillary Rodham Clinton's remarkably successful efforts to implement as the First Lady of Arkansas, Governor Clinton's comprehensive plan for school renewal. She conducted meetings in every one of the state's 75 counties, and eloquently asserted a common sense reform strategy that raised academic standards, tested teachers, increased salaries, and improved performance.

More recently, I have been struck time and time again, that key ideas in our work at The Carnegie Foundation could be traced to the State of Arkansas where Governor and Mrs. Clinton pursued a shared vision of excellence for all.

This leadership became dramatically apparent at the National Education Summit Meeting in 1989. On that historic occasion, Governor Clinton argued forcefully, and with success, that the nation's first and most essential education goal should be school readiness for all children. The Governor credited Mrs. Clinton for articulating the importance of the early years. The Carnegie Foundation, persuaded by the importance of this first national goal, issued a report in 1991 called Ready to Learn: A Mandate for the Nation.

While preparing that report, I kept hearing about the HIPPY program in the state of Arkansas—which stands for the Home Instruction Program for Preschool Youngsters. This program, which Hillary Clinton brought from Israel to Arkansas, has spread nationwide. It's now in twenty-four states reaching 20,000 families.

On yet another front of child advocacy, Hillary Rodham Clinton confronted the agonizing problem of teenage pregnancy, moving the infant mortality rate in Arkansas, from one of the highest, to one of the lowest in the nation.

Our most recent Carnegie Foundation report called The Basic School, brought us to the state of Arkansas once again. We learned that through Hillary Clinton's supportive leadership, the state mandated, in 1991, counselors for every elementary school, which has become a model for the nation.

As First Lady of the United States, Hillary Rodham Clinton's commitment to children has remained energetically unchanged, beginning with health. She brought common sense to an enormously complicated problem. And we have no choice as a nation but to achieve reform, not for political or even fiscal reasons, but for the sake of all Americans and, most especially, our children.

Today, when the climate seems particularly unreceptive to calls for caring and compassion, Hillary Clinton reminds us, with elegance, about our obligations to the coming generation. ''There is no such thing,'' she said, ''as other people's children. There are only the hopes and dreams all parents share, which we must do everything in our power to preserve and strengthen.''

In accepting the Lewis Hine Award, Hillary Rodham Clinton said: ''No matter how much work we do, from the White House to the courthouse, up and down every street in every large city and every small town, what children need more than anything else are adults who care abut them and love them, teach them, and discipline them, and are willing to stand up and fight for them in a world that is often cruel and unfair.''

One of my favorite American authors, James Agee, wrote on one occasion, ''With every child who is born, under no matter what circumstances, the potentiality of the human race is born again.''

Hillary Rodham Clinton has devoted a lifetime to affirming both the dignity, and the potential, of all the nation's children.

---

REMARKS OF DR. JOHN BRADEMAS, CHAIRMAN, PRESIDENT'S COMMITTEE ON THE ARTS AND THE HUMANITIES, PRESIDENT EMERITUS, NEW YORK UNIVERSITY

I have the honor for a third time of paying public tribute to the First Lady of the United States, Hillary Rodham Clinton. The first occasion was in March 1992 when, as President of New York University, I introduced Mrs. Clinton as principal speaker when the New York University School of Law marked its ''Celebration of 100 Years of Women Graduates.'' As a woman who is herself a highly regarded lawyer, Mrs. Clinton was a most appropriate and distinguished speaker at a salute to the education of women in the law and recognition of their achievements in the legal profession.

Since then, of course, Mrs. Clinton has become our First Lady and has elevated her long-time advocacy of children's rights, public schools and universal health care to the level of national debate and attention.

On September 21, 1994, President Clinton did me the honor of appointing me Chairman of the President's Committee on the Arts and the Humanities while asking the First Lady to serve as Honorary Chair. At a reception at the White House that day, Mrs. Clinton spoke eloquently about this responsibility. She said then:

We want to support and nurture our artists and humanists and the traditions that they represent. And we want also to bring those traditions alive for literally millions and millions of children who too often grow up without opportunities for creative expression, without opportunities for intellectual stimulation, without exposure to the diverse cultural traditions that contribute to our identity as Americans.

Too often today, instead of children discovering the joyful rewards of painting, or music, or sculptering, or writing, or testing a new idea, they express themselves through acts of frustration, helplessness, hopelessness and even violence.

. . . We hope that among the contributions this Committee makes, it will be thinking of and offering ideas about how we can provide children with safe havens to develop and explore their own creative and intellectual potentials.

The arts and humanities have the potential for being such safe havens. In communities were programs already exist, they are providing soul-saving and life-enhancing opportunities for your people. And I am delighted that as one of its major endeavors, this Committee will be considering ways of expanding those opportunities to all of our children.

Last month I had the privilege of being at the United Nations to hear the First Lady speak of the challenge to men and women everywhere, and particularly women, actively to participate in promoting social progress. Clearly Mrs. Clinton has been inspired by the life of her eminent predecessor as First Lady, Eleanor Roosevelt. And like Eleanor Roosevelt before her, Hillary Clinton breaks new ground in public service.

Like Eleanor Roosevelt, Hillary Rodham Clinton has been criticized for undertaking responsibilities some consider inappropriate for First Ladies, indeed, for women in general. But like Eleanor Roosevelt, Hillary Clinton has persevered. Hers is an unwavering voice on behalf of the rights and needs of human beings, especially children, not only in our own country but around the world.

In recognizing the responsibility of women in helping shape America's future, Hillary Rodham Clinton has earned, and continues to earn, our admiration and our respect. I am proud to join in this tribute to her.

---

REMARKS OF REV. DR. JOAN BROWN CAMPBELL, GENERAL SECRETARY, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA

Day by day, Hillary Rodham Clinton is building an enduring contribution to our national life that can be discerned even amid the rush and tumult of current events. She is serving the nation in one of its defining moments and when historians place these events in perspective, surely she will be given a prominent place. By her style, her sensitivity, her presence and her competence, Mrs. Clinton has already expanded the nation's understanding of the role of the First Lady. Never again will it be limited to the single role of national hostess and helpmate. Called by circumstance and equipped with the extraordinary gifts of grace and intelligence, she has broken that mold—a task that has often placed her in an unenviable position and that places all those who follow in her debt.

This is what history may say, but for those who identify themselves as people of faith we acknowledge Hillary Rodham Clinton today, and in all the days to follow, as a woman of faith.

The New Testament urges believers to ''be doers of the word and not merely hearers'' (NRSV James 1:22). Hillary Rodham Clinton has taken this admonition to heart, as is evident from the way her many achievements have contributed to the common good.

In the language of theology I salute her as an incarnational person, in that her words become incarnate in deeds. Throughout her life she has been deeply involved in work that protects children, that upholds the dignity of women, that supports families in concrete, meaningful ways and that seeks health and wholeness for all people.

As a very busy attorney, she showed her commitment by giving time and energy as an active director of the Children's Defense Fund, advocating a morally grounded and highly practical approach to caring for all children, and especially for the very young who suffer from the effects of material and spiritual poverty. As First Lady, her work toward health care reform in this nation combined passionate careing with knowledge and skill. Because of the sacrifices she made to pursue this work, the issue was raised to a level that it had never been raised to before and in a way that ensures it can never be removed from the American agenda. Most recently I admired her role at the United Nations Social Summit in Copenhagen where she spoke eloquently on behalf of the people of the United States on the issue of social development and the role of women in that process.

Examples abound of the care and high seriousness with which she takes every assignment that life gives her. More testaments to her grace, integrity and competence could be shared in a lengthier forum. Taken together, her work provides a powerful model for women everywhere. She is the image of a woman with expertise, poise, and credibility. In recasting the role of First Lady she helps all women to be taken seriously, and at the same time, she demonstrates those qualities that have been traditionally held up as womanly virtues. We see her as wife, as life companion, as loving protective mother, as daughter, and as empathetic friend. Both in the focus of her work and in her personal demeanor she shows a concern for the comfort and well-being of others. She extends a sense

of hospitality to all around her, thus she carries a vision of what a woman can be—for the sake of her own daughter and for the sake of all women and their daughters. Such a visible model is also a lightning rod for criticism by those who do not share this vision. Mrs. Clinton has borne this criticism with courage and without rancor.

Mrs. Clinton is truly a ''doer'' in every sense of the word. The book of James quoted earlier also promises that those who ''persevere, being not hearers who forget but doers who act—they will be blessed in their doing.'' So to you, friend and faithful servant, Hillary Rodham Clinton, all God's blessings in your life and work.

---

REMARKS OF MARION WRIGHT EDELMAN, PRESIDENT AND FOUNDER, CHILDREN'S DEFENSE FUND

I have known First Lady Hillary Rodham Clinton for more than two and a half decades. I first met her when she was a student at Yale Law School—even then interested in figuring out ways to help families provide for the basic needs of children. I have known her in the intervening years as a gifted advocate—in court, in the legislature, and in public education; and inspiring and insightful author; a loving, concerned, and attentive mother; a supportive wife; a dutiful and loving daughter; a warm and loyal friend; an effective leader of the Children's Defense Fund's board of directors; a dedicated friend for children; and a tireless First Lady.

At a time when many women, but particularly women in the public eye, have been faced with the difficult challenge of juggling career and family, the First Lady has balanced those dual demands with courage, grace, and humor. She has held her family together with love and resiliency in the face of extraordinary professional and political demands.

The First Lady is a committed, persistent, thoughtful, and *balanced* advocate for children and families. Since she was a law student, she has understood the crucial need to nurture families as they struggle to rear the children who will be our future parents, voters, employees, entrepreneurs, and leaders. The First Lady has cared deeply that low- and moderate-income working families and children have access to decent childcare so that they can develop to their fullest potential; she has cared that children have access to the preventive healthcare services necessary to long-term individual health and reduced national healthcare costs; she has striven to ensure that children have access to quality education and early childhood development opportunities necessary to productive adulthoods.

In each of her many roles, the First Lady has excelled. Perhaps most importantly, she has never lost sight of her spiritual commitment to values that transcend self and partisanship. I am constantly grateful to have had her as a friend and colleague, and we as a Nation are extraordinarily lucky to have her as our First Lady.

---

REMARKS OF ARTHUR S. FLEMMING, CHAIR, SAVE OUR SECURITY COALITION, FORMER SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Hilliary Rodham Clinton has dedicated her life to helping her fellow human beings deal with the hazards and vicissitudes of life. She has kept at the center of her life the Commandment that is at the center of our Judeo-Christian religion: ''Thou shalt love thy neighbor as thyself.''

Her dedication to others has been shown in many ways, such as her outstanding contributions to the Legal Services Corporation and the Children's Defense Fund.

This dedication reflected itself in a dramatic way when she committed her talents to the cause of universal coverage of health care.

She immersed herself in the issue. Some of the finest leaders in the health care field provided her with advice. She emerged with a plan that not only set forth the goal of universal coverage but recommended to the Nation a comprehensive plan for achieving that goal.

Then along with her husband, the President of the United States, Mrs. Clinton became one of the most effective advocates for universal coverage that this Nation has even known. The Nation became well acquainted with here as an effective advocate. As she traveled throughout the Nation she was not content with speaking. She listened to real people discuss their real problems. They were the persons that convinced her that our present system for the delivery of health care has broken down. They were the persons that convinced her that without universal coverage they and their children faced premature death and unnecessary suffering.

As a result of Mrs. Clinton's dedication, 1994 was the greatest year in the history of this Nation in the area of health care.

Never before had we had the in-depth national dialogue on health care that we had in 1994. As a result of that dialogue, poll after poll showed that 75–80 percent of our people believe that we must have universal coverage. A real concern developed throughout the Nation about the breakdown of our present health delivery system.

We are now in a position as a national community to add universal coverage for health care and roundout President Roosevelt's concern for a complete system of Social Security. If we build on the accomplishment of 1994 we will reach our goal.

We can and will reach this goal because of the dedication of Hillary Rodham Clinton to the people of this Nation. Her deep-seated concern is one of our Nation's great treasures. The Annual Survey of American Law's recognition of this fact is deeply appreciated.

---

REMARKS OF DR. DAVID HAMBURG, PRESIDENT, THE CARNEGIE FOUNDATION OF NEW YORK

It is a privilege to write about Hillary Rodham Clinton from the perspective of her lifelong dedication to children. As First Lady, she has established a track record in the great tradition of Eleanor Roosevelt as a tireless exemplar of humane, compassionate, democratic values and creative problem-solving. In this capacity, she has played a highly significant role in expanding the reach of immunization while also broadening the scope and enhancing the quality of Head Start. She also facilitated a new federal initiative on the school-to-work transition for youth. In her travels as First Lady, at home and abroad, she has called attention to innovative ways of strengthening healthy child development. In the years ahead, millions of today's children will live better lives as a consequence of her efforts.

She was the First Lady of Arkansas for twelve years, during which time she worked thoughtfully on behalf of children and youth. For example, she chaired an education committee that set public school standards in Arkansas. Indeed, she exemplified in her own life as well as her professional work the complex integration of family, work and public service that is so precious in modern democracies.

My own distinctive view of her work on behalf of children comes from her relationship with the Carnegie Corporation of New York over almost a quarter of a century.

While a student at Yale Law School, she developed her strong concern for protecting the interests of children and their families. In 1993, when speaking at Yale about very young children, she made a few remarks about the meaning of the Yale experience. ''I got this rather odd idea when I was at the Yale Law School that I wanted to know more about children's development. . . . particularly in the early years, and to really find out what I can about how their needs are met or not met, and particularly what role the legal system plays in both a positive and negative way in helping children and families.''

One of her earliest professional positions was on the staff of the Carnegie Council on Children, starting in the Spring of 1972. She had already been involved in civil rights law, children's advocacy, and work in Head Start. The Council took a very broad view of our nation's children, their problems and ways to improve their opportunities.

The Carnegie file from 1972 contains a letter from Professor Kenneth Kenniston, the Chairman of the Council. He wrote, ''I am very happy with this staff which is young, lively, committed, iconoclastic, open and energetic. They are going to be hard to handle.'' I don't know whether he was talking about Hillary in referring to that brilliant, iconoclastic, hard-to-handle staff, but there is no doubt she made valuable contributions. In that period, she published a landmark paper, ''Children Under the Law,'' in the Harvard Educational Review.

In 1980, she came back into the Carnegie orbit again as the founder and president of Arkansas Advocates for Children and Families. Carnegie made a grant to that organization to improve services for children and families. Her long and thoughtful dedication to the Children's Defense Fund is well known, from a staff job in the early 1970s to her chairmanship of the board in recent years.

In the late 1980s, Hillary served on the W.T. Grant Foundation's Commission on Youth, Work, and Family, that produced a very important report, ''The Forgotten Half,'' emphasizing the school-to-work transition for students who do not go on to college. She pursued this interest later with Carnegie support, relating it to the Commission on the Skills of the American Workforce. She thought creatively about ways to implement an effective school-to-work transition in the United States, where we lag so far behind Europe and other countries. She paid particular attention to the role of the states in this process. So there are many manifestations of her devotion to children, youth, and families—from the youngest children through late adolescence.

In 1994, she spoke at the opening of a Carnegie Conference on the first three years of life. In eloquent terms and with deep insight, she clarified ways of meeting the essential requirements for healthy child development in the earliest years. She has seen to it that the national discourse on health care reform can never again leave out children and youth.

For decades to come, Hillary Rodham Clinton's clear voice will be heard on behalf of America's, and the world's, children. The life chances of children everywhere will be improved as a consequence of her actions. If there is a more important contribution anyone can make, I wonder what it could be.

---

REMARKS OF EDWARD M. KENNEDY, UNITED STATES SENATOR, COMMONWEALTH OF MASSACHUSETTS

In 1993, America welcomed an impressive and extraordinarily talented woman to the White House, Hillary Rodham Clinton. In the time since then, all of us who knew her in earlier years and were impressed by her ability and commitment to public service have

come to admire her even more, especially her grace under pressure—her courage—in enduring the controversies that have swirled around her as she redefines the role of the modern First Lady.

I have had the privilege of working closely with her in the past two years on an issue I have been especially committed to—the ongoing struggle to bring health security to all Americans. In the years I have been involved in this important effort, I have never met anyone more committed to the cause than Hillary Rodham Clinton. We came closer to success in the past Congress than ever before, and the progress we made was primarily the result of the energy, intelligence, and political skill she brought to the battle.

I vividly remember our first Senate hearing on the comprehensive health reform package proposed by President Clinton. It was held on September 29, 1993, in the historic Senate Caucus Room. The First Lady was the only witness. For several hours, she answered the toughest questions seventeen Senators could throw at her, and she did so with an eloquence and persuasiveness that impressed Democrats and Republicans alike. If we could have taken the bill to the full Senate in the days after that hearing, I believe we could have passed it.

Powerful vested interest groups and partisan tactics of obstruction designed to deny President Clinton a legislative victory succeeded in blocking action by the past Congress. Bipartisan efforts are now under way in the current Congress to adopt the most needed reforms, and whatever progress we make will in large measure be due to the groundwork Mrs. Clinton laid. She is an effective advocate for making the fundamental right to health care a basic right for all, not just an expensive privilege to the few, and I have been proud to stand with her.

Mrs. Clinton has also been a tireless advocate on children's issues. As First Lady of Arkansas, she successfully led efforts for education reform and for increased investment in early childhood development. She discovered a model home-visiting, parenting-training, early childhood and school readiness program in Israel, adapted it to Arkansas, and implemented it across the state. This program has become a national model and has been replicated in communities across the country.

In addition, as chairperson of the Board of Directors of the Children's Defense Fund for several years, Mrs. Clinton was at the forefront of numerous major initiatives to improve the lives of children and families. Her causes have included expanding access to Head Start, encouraging childhood immunization, and shaping a ''one-stop-shopping'' approach to reduce bureaucracy and streamline the delivery of services to families and children. In May 1991, in an earlier impressive appearance on Capitol Hill, she testified at a hearing by the Senate Committee on Labor and Human Resources on these and other children's issues, and reminded us that the heart of these serious problems is not lack of resources but lack of will.

I know that in the years ahead, Hillary Rodham Clinton will continue to be a powerful voice for justice and opportunity and a role model for millions of Americans. This tribute by the Annual Survey of American Law is a well-deserved honor, and it is a privilege to participate in it.

---

REMARKS OF C. EVERETT KOOP, M.D., FORMER SURGEON GENERAL OF THE UNITED STATES

Hillary Rodham Clinton and I first met when President Clinton asked me to advise Mrs. Clinton on the ways that her Task Force on Health Care Reform might respond to the growing opposition of the medical profession to the Clinton health care reform plan. After only a few minutes of conversation with Hillary Clinton, I was delighted to discover that any negative impressions generated by the media's caricature of her were dispelled immediately. I found her to be a woman of great sensitivity, keen intellect, and a delightfully winsome charm. Since I shared the Clintons' desire to bring equitable reform to our health care system, with special attention to the needs of the uninsured, I agreed with the President's suggestion that I moderate a series of forums between the First Lady and the medical profession.

Convened in several cities across the nation, these forums provided a much-needed dialogue between physicians and the head of the Task Force on Health Care Reform. The medical profession saw first-hand the sincerity and dedication of the First Lady, and they achieved her sympathetic understanding of the ways in which certain provisions of the Health Security Act disturbed the medical profession. She was able to assure the physicians that, as long as the main thrust of reform was not threatened, the language of the reform would be altered to meet their concerns. Hillary Clinton quickly demonstrated that she was able to see the many facets of the President's health care reform plan through the eyes of physicians who were dedicated—above all—to caring for their patients and acting as their advocates.

I have met no one who has a better grasp of the American health care system—or non-system, which might be a more accurate term—than Hillary Rodham Clinton. Yet, she was already ready to learn more, to accommodate a nuance not clear before, to adjust to a new wrinkle in the complicated tapestry of health care delivery.

The President's plan failed in Congress for many reasons, but mostly because the nation had not been prepared for changes as sweeping as those proposed. The last major reform health care, the Medicare and Medicaid programs, came in the midst of the reforming zeal of the Great Society, and they were preceded by several years of national education and debate.

Politics aside, the health care reform plan failed because each of us was being asked to do something for all of us. And each of us may have feared that what was best for all of us was not necessarily best for each of us. It was that simple. It was that complicated.

The President's plan for health care reform provided a diagnosis of the problems with our health care system, and then it proposed a series of remedies. The Congress and the people may have rejected the proposed remedy, but they have not challenged the diagnosis. No one can fault Hillary Clinton's diagnosis of the health care system's ailments. Her diagnosis was far-reaching, comprehensive, and right on target. Her diagnosis will be the springboard for the next round of the debate on health care reform.

---

REMARKS OF PHILIP R. LEE, M.D., ASSISTANT SECRETARY FOR HEALTH, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Hillary Rodham Clinton is a woman of extraordinary intelligence, understanding, compassion and commitment. In more than thirty years of involvement in health policy at the federal, state, and local levels, I have never met an individual who was able to grasp the complexities of health care organization, delivery, and financing as well as Mrs. Clinton. She not only has this extraordinary ability to grasp complex information, but she was able to communicate it to a range of audiences, professional, and public, more clearly and accurately than anyone in my experience.While these talents are important, even more important is her capacity to listen to individuals and families about their experiences in order to learn fully how the system does and does not operate. Her deep compassion was evident as she listened to individuals and families throughout the country—from tribal chiefs in Montana, to parents in a children's hospital in Washington, to a broad range of citizens in Lincoln, Nebraska, to sick patients in nursing homes, parents of disabled children, and to citizens of the broadest range across the country. She read the thousands of letters sent to her by people from throughout the nation in order to better understand what health care meant to people and what needed to be done to assure everyone in the United States access to a decent level of health care.

These are all great qualities and ones to be admired, but I think, even more, I admire Hillary Rodham Clinton's integrity and strength of character. She has a clear sense of who she is, what here values are, and what she believes. She does not wet her finger, stick it up to the wind, and determine what she will believe on particular issue at a particular moment in time.

Finally, Mr. Clinton has been an inspiration for many of us who have had the opportunity to work with her as Presidential employees. When the times are toughest, when the road is most rocky, when the tasks seem insurmountable, she has been a source of not only encouragement, but energy and inspection. While many of us have been beneficiaries, directly and individually, of her support, her knowledge, her understanding, her commitment and her incredible energy, all of the American people benefit from her extraordinary qualities, but most of all from her integrity.

REMARKS OF LORETTA MCLAUGHLIN, OP-ED COLUMNIST, BOSTON GLOBE

As we honor our distinguished and endearing First Lady, Hillary Rodham Clinton, do not expect faint praise from me.

I belong to that vast company of Americans, women and men, who are openly admirous of this woman who has such an enormous and difficult job, balancing countless demands on her time and talent along with myriad points of view—and yet who handles it all with uncommon grace and seeming ease.

People who work on the line in my business—on newspapers, radio, and television—are especially drawn to her.

She's our kind of person, our kind of woman. An activist. Approachable. Quick-witted, quick study. Absorbing. Serious. Informed. Expressive. We genuinely like her. We honestly respect her.

And I, from the vantage point of long experience, worry for her. I don't want her hurt needlessly, don't want her feelings trammeled by shallow detractors.

She simply thrills American women. She appeals to all women who work for wages, women on payrolls, salaried women. Women who earn money in the workplace. And she inspires young professional women who are combining jobs, husbands, children, Parent Teacher Association meetings, dentist and doctor visits, car pools, community activities, and the whole nine yards of today's lifestyles for families trying to cope with everything at once.

All these women see a small piece of themselves in her. They see her obviously trying hard to do a good job, as they are. They see her performing so well, doing them proud—doing all women proud who are trying to keep a house, hold a job and contribute meaningfully to society.

They love her because she, like them, went out to compete in the real marketplace and tested her mettle in the way that American business demands. She earned money; her

work was valued enough to be compensated; she bolstered the family income.

My daughter-in-law has urged me to ''please tell Mrs. Clinton how much we would like to be like her. She's so articulate. So focused. So prepared. So effective.'' It is no small accomplishment to have a new generation—in your own time—want to become like you. It is the highest of compliments.

In Mrs. Clinton's case, it is well-deserved. She is new generation. She is tomorrow. More than highly intelligent and finely educated, she is capable and competent and absorbing.

And she keeps getting stronger as she moves fully into this new role. Two years into the Presidency, she has set a standard of excellence on par with Eleanor Roosevelt for health and social services and civil rights, with Jacqueline Kennedy Onassis for arts and the humanities, and with Bess Truman for honesty and personal loyalty. The nation remains intrigued by Mrs. Clinton.

The Washington Post calls her ''the first lady of paradox. . . . both old-fashioned and post-modern. . . . a contradiction of perceptions.'' That is her gift; she is sensible and sensitive at the same time.

However, we should be mindful that she occupies the White House at a time of extreme transition. The paradox of being both old-fashioned and post-modern applies to our society as well. Despite the rock-em, sock-em, depictions of American life that glut our television screens, as a people we remain quite traditional.

With the dawning of a new age, a new century, a new millennium, we are even more demanding of our leaders on both fronts. We want them to respect and retain the formalities and rituals of office and we want them to master and reflect each new technology, technique and trend that comes along.

We have empathy for every First Lady—each woman, wife, mother who has to live in full public view in the nation's most scrutinized residence. But history must concede it has fallen to Mrs. Clinton to break new ground. She is a pioneer First Lady, the first to be a credentialed and active lawyer, qualified as a member of the American bar, a professional person fully in her own right.

She and the President serve at a time when the nation has profound problems that cry out for expert attention. Instead of allowing the Presidency with its vast network of advisors to provide a setting for quiet, thoughtful and comprehensive analysis, the office is constantly being distracted by those who flood the halls of government with foolish partisan themes and empty political ploys.

Such tactics make it difficult for all of us to concentrate on what we need to do as citizens. And they threaten to blunt the enthusiasm and energy, the resiliency that Hillary and Bill Clinton have brought to the White House. It is shameful that Mrs. Clinton who has sincerely tried to be helpful is made the butt of cheap jokes by rightwing extremists preaching provincialism and zealotry. What the Clintons would have us do is to seek greatness again.

Others will speak of Mrs. Clinton's work on behalf of children and education and in pursuit of better opportunities to lead productive and useful lives for all Americans. It is for me to speak of Mrs. Clinton in connection with health care reform—my favorite issue and one near and dear to her.

That is the ground upon which she and I first met in Boston and continue to meet. It is the legislative turf that she made most her own during the first half of the Clinton Presidency.

Since the Congressional election last November, it is considered journalistically chic in many quarters to criticize Mrs. Clinton for what some in the press like to label her failure to enact health care reform.

But Mrs. Clinton didn't fail at this. She did her job. She researched the problem, pinned down the facts, and outlined a solution. Her recommendations were consistent with the President's oft-expressed view that health care coverage should be universal, comprehensive, job-linked, and cost-controlled. He proposed a national health care plan based on a managed competition model. But he and she made it clear from the beginning that the plan was open for negotiation.

The failure to come to grips with any part of health care reform—not even to grasp the urgent need for it—lies with a very confused and lethargic 103rd United States Congress.

The immobility of its members was abetted by the multi-million dollar lobbying effort staged by health insurers and others on the business end of the health care industry. To maintain the status quo on health care, a trillion-dollar-a-year industry in the United States, the lobbyists generously fed campaign kitties around the country for Congressional candidates standing for re-election.

Mrs. Clinton was clear about what was needed. She made stellar appearances on the Hill, testifying before House and Senate committees more extensively than any previous First Lady.

We can all agree there is room for differences of opinion on the Clinton-proposed solution as to how best to achieve an equitable and affordable system of universal health care. But we should bear in mind that the facts speak for themselves when we examine the existing patchwork of health care delivery in this country and the vagaries of its funding.

Mrs. Clinton learned all there is to know about our unevenly delivered and inadequately funded health care non-system. And she now knows, as do experts in the field, that it cannot be fixed piecemeal—despite the partisan rhetoric to the contrary.

What a happy surprise it was to see the front-page headline in the New York Times on a recent Sunday saying that ''now it's Republicans who see a health care crisis looming'' and they now want to persuade the public that the crisis is real. Too bad they couldn't see it last year when Mrs. Clinton needed them.

It comes as no surprise, however, that when Mrs. Clinton looked at the situation she saw as the most serious problem within the heath care dilemma the number (now 41 million) of Americans with no coverage.

But even at this late date, the Republican majority is obsessed with proposals to trim the Medicare budget. Medicare is the program that pays for medical care for 37 million Americans over 65 years of age or disabled.

It figures, doesn't it, that the new Newtonian-style Republican reformers would want to meddle with a group of Americans who already have the most solid coverage. But, as Willy Sutton well knew, that's where the money is. Medicare currently spends about $170 billion a year. While we could agree on the need to conserve Medicare dollars and discuss the pluses and minuses of moving the elderly into managed care plans, the real point is that doing so would also pour billions of Medicare dollars—that now directly buy health care—into the coffers of private health insurance companies.

This is not what Mrs. Clinton and the President had in mind when they set out to make all Americans medically secure. And I am convinced he and she will yet see that goal achieved. Health care reform remains a top tier concern of the American public.

Congress's failure to enact health care reform does not mean that the problem has gone away. To the contrary. The most recent analyses indicate that since 1993, every facet of health care coverage continues to worsen. More Americans than ever before are uncovered; and those with coverage are getting less for their money and must spend more out-of-pocket for medical care.

Meanwhile, let us see the First lady in her own light. Let us put away the old vie of First Ladies. You know, the one where she figuratively and actually stands slightly behind and slightly below the President.

In the wonderful new world of this accomplished couple, let us have the First Lady and the President stand on level ground as all enlightened men and women should. Not in confrontation, but side by side, looking out together from the same perspective but with individual insight.

In the long run, defining anew the role of First Lady, carefully and distinctively, may prove to be her most arduous but most outstanding accomplishment. I salute you, Mrs. Clinton.

---

REMARKS OF HER MAJESTY QUEEN NOOR OF JORDAN

I was very pleased to be asked to write a few words of dedication about Hillary Rodham Clinton, because it allowed me to express some of my thoughts about a truly remarkable person, who has also become a good friend.

Hillary Clinton, in many ways, has enhanced the importance of the challenging roles of public servant and First Lady through her unfaltering personal courage and sense of compassion, her unwavering support for social justice and human rights, and her dedication to the welfare of American society, particularly to those whose voices are too seldom heard, such as children. Those qualities, coupled with Mrs. Clinton's education, legal experience and political and social awareness, have enabled her to be an articulate champion of issues of concern to many throughout the world.

But it is Mrs. Clinton's personal integrity, her intellectual honesty and commitment to dialogue and understanding in international relations that have impressed me most.

In the past year, Jordan has witnessed some of the most critical and momentous events in its history. In July of 1994, the Washington Declaration, signed on the South Lawn of the White House, ended 46 years of conflict between the State of Israel and the Hashemite Kingdom of Jordan. Mrs. Clinton was more than simply a gracious and generous hostess; she was a partner in Jordan and Israel's shared hopes for a better future for the Middle East and all its peoples. Like a mirror of her country, the United States, she was our partner in peace.

---

REMARKS OF LETTY COTTIN POGREBIN, AUTHOR

As a professional scribbler, I usually find it hard to write about Hillary Clinton because of the journalistic imperative to avoid superlatives. Thankfully, no such rule applies at the Annual Survey of American Law, which means your tribute book will likely reflect a more authentic view of this remarkable woman than has been evident in the average ''objective'' media profile.

The fact is, one cannot talk about Hillary Rodham Clinton without using superlatives. The National Law journal listed her among the ''100 most influential lawyers in America'' (one of only four women), and she appears in Best Lawyers in America, Who's Who in American Law, and the World Who's Who of Women. What interests me far more than her professional honors is the way her friends and colleagues talk about her, their recollections of her personal warmth, her lifelong commitment to justice, her breathtaking intellect, the balance of mind and

heart, dazzling eloquence and down-home humor that make this woman so unique.

Hillary Clinton is not a recent invention of First Ladyhood; she has been who she is for more than 25 years. Her Wellesley classmates remember her as a pre-eminent intellectual but also as the kindest, most principled student leader on campus, totally focused, a gifted mediator, well-centered, and mature beyond her years. Several of her Yale contemporaries have told me she was not simply an editor of the Review of Law and Social Action, but the smartest person (not woman, person) at the Yale Law School—and unselfconscious to boot.

Sara Ehrman, veteran Democratic activities who ran George McGovern's 1972 presidential campaign in south Texas, first met Hillary Rodham when she came to San Antonio as a volunteer. Ehrman remembers being bowled over by the young law student's grasp of arcane election law, but says the reason the two became friends and remain close to this day is because ''Hillary's the best company in the world.'' In 1974, while she was serving on the impeachment Inquiry staff of the Judiciary Committee working on the Watergate proceedings, Hillary Rodham was Sara Ehrman's houseguest for nine months.

As Ehrman tells it: ''She was brilliant, she was a star, she could have done anything in Washington. When she came home one night and told me she'd decided to teach at the University of Arkansas and make a life with Bill Clinton, I said, 'Are you out of your mind going to this godforsaken place to marry this country lawyer?!' She just looked at me and said, 'Sara, I love him.' So I drove her to Arkansas, which was the most raucous, wonderful journey of my life. We laughed all the way through the Blue Ridge Mountains and the Shenandoah Valley. It took us four days because every 20 miles we stopped to go shopping.''

Ambassador Mickey Kantor, now U.S. Trade Representative, joined the Legal Services Corporation Board in 1978 when Hillary Clinton was its Chair. ''I can't say enough good things about her,'' he begins. ''She had a tremendous dedication to local programs and a deep commitment to making justice accessible to poor people in everything from spousal abuse cases to landlord-tenant or wage disputes. Plus, she could always balance conflicting interests, ideologies, and personalities on the Board and among the lawyers and staff. The Corporation was never in better shape than when she chaired it.''

Kantor, a friend for 17 years, believes the media has trouble capturing Hillary Clinton because she is so multi-dimensional. He describes her as a terrific wife, mother, daughter, sister, lawyer, public servant, and friend; someone with a great sense of humor, who has contributed so much to her community, is ''extremely well-organized, speaks in perfect paragraphs, knows how to take complicated issues and break them down into manageable pieces, and operates as every good lawyer should—zealously on behalf of the client.''

Not only has she always been willing to take on intractable issues whether related to the legal system, quality education, or health care, but, Kantor says, by the example of her own strength and dignity ''she is blazing a trail for future First Ladies—or First Husbands. She is a fascinating combination of talents. For once, all the superlatives are true.''

Elaine Weiss was Executive Director of the ABA Commission on Women in the Profession when Hillary Clinton was its Chair. ''Hillary was instrumental in getting the American Bar Association to take an activist voice in advancing women's status,'' says Weiss. ''She saw women's issues as economic issues. She'd go into a room full of predominantly white guys and their body language bespoke their discomfort. But she had this incredible ability to break down barriers and get men to listen to the problems of women. She came across very mainstream, and sounded so reasonable, and presented herself as a working lawyer just like them. And she got them to embrace change because of her leadership.''

Under Hillary Clinton, the Commission held national hearings on the status of women in the profession. It published a report on gender bias in law schools, government, courtrooms, and Bar Associations. It identified the double barriers experienced by minority women lawyers. It developed policy manuals to guide law firms on how to better deal with parental leave, part-time work, or sexual harassment.

''A woman lawyer anywhere in the country, not just a Wall Street magister, could take this manual to a partner and say, 'Look, we can work this out.' The Commission really made a difference for me because she was a role model of a successful woman who never sacrificed her family or friends. Working for her was the best part of my life.''

When Elinor Guggenheimer brought Hillary Rodham Clinton onto the board of the Child Care Action Campaign, on which I also served, I remember thinking Guggenheimer must have recruited her for show, because she was cute, young, blonde, and the wife of an up-and-coming governor. To my surprise, at the first meeting she attended, Hillary Clinton offered the most knowledgeable, clear-headed assessment of this country's child care crisis I'd ever heard in one mouthful. During the years we served together, I developed an abiding respect for her problem-solving skills and her genuine dedication to guaranteeing quality care to every American child.

''Hillary always approached the child care problem with passion but not emotionalism,'' says Guggenheimer. ''She's not one of those simplistic 'I just love little children' types; she looks at what legislation is needed, what policy changes, what strategies. She brings cerebral power to her caring.''

To Ellie Guggenheimer, there's much more to Hillary Clinton than her brains. ''I never recognize her when I read about her in the press. They miss her whimsy and her sensitivity. Whenever she stayed over at our apartment in New York, we put her up on a convertible couch. She was First Lady of Arkansas at the time but she refused to be waited on by anyone. My husband Randy fell in love with her and he's a Republican. After one visit, she sent us a picture of herself and Randy on which she'd inscribed, ''Hope the tabloids don't find out about us.''

Hillary Clinton's eloquence is the eighth wonder of the world. ''She never speaks from notes and she never says er, ah, or um, no matter how complex the subject,'' says Guggenheimer. ''I don't know how she does it.''

I've marveled at the same phenomenon. In the summer of 1991, I organized a week-long series on family issues at the Chautauqua Institute and invited Hillary Clinton to speak on the challenge of blending marriage, work, and childrearing. When she took to the podium in front of 5,000 people with not a shred of paper in hand, my heart stopped, but of course she gave a speech of great substance, an inspiring mix of personal experience and policy analysis—and did so, indeed, without a stammer.

Leon Friedman remembers a recent Eighth Circuit Judicial Conference in Colorado Springs at which the speakers and panelists included Supreme Court Justices Byron White, John Paul Stevens, and Harry Blackmun, plus various Circuit and District Judges, a United States Senator and Congressman, the head of the Central Intelligence Agency, and a passel of professors. Friedman, a Hofstra Law School professor, and Hillary Clinton of the Rose Law Firm, did joint service on a panel on ''Recent Developments in the Area of Civil Rights.'' He took race, age, and disability, and she took sex discrimination.

''I was awed by her technical legal experience,'' says Friedman, ''but what really blew me away was the impromptu keynote address she gave earlier in the day when she was asked to stand in for her husband, the Governor, who was called away on state business. She had no time to prepare, yet she got up there and, without a single note, gave a talk that was so perfectly parsed, so well-organized and elegantly presented that Justice Blackmun just kept raving, 'Wasn't Hillary wonderful? Wasn't she great?!'

''I remember how she summoned this very distinguished audience of 500 lawyers and judges to think about the well-being of the nation's children. She said we must start at the bottom, with attitudes and education. She cited a survey that asked Americans and Europeans, 'What is more important to your child's success: hard work or innate ability?' The Europeans said hard work, the Americans said innate ability. She speculated that America's sports culture may cause us to give too much credit to innate ability and we must do things at all levels of society to inspire education and hard work so every child can perform to his or her best potential.

''Most people are not used to hearing a woman do public policy analysis. Wives, especially, aren't supposed to effect policy. Wives are supposed to be there to open up the garden in the spring. But we lawyers can recognize intellectual excellence when we see it, and you couldn't miss it with Hillary. I came home and told everyone 'Watch out for this woman. You're going to hear more from her.'''

Hillary Rodham Clinton is a great national resource, a fine legal mind, an inspiration to aspiring women, a model of the loving yet autonomous wife, a consistent champion of children, and a good soul. I look forward to hearing more from her in the years to come.

---

REMARKS OF RONALD F. POLLACK, EXECUTIVE DIRECTOR, FAMILIES, USA

When I was eleven years old, I had the opportunity to listen to a speech by, and then spend precious moments with, Eleanor Roosevelt. As part of the multiple celebrations that year marking the tenth anniversary of the United Nations, my mother organized a remarkable evening for several thousand New Yorkers, featuring Mrs. Roosevelt.

My mother organized the event on an unpaid, voluntary basis, but she decided to retain two ''perks'' for her family. First, she made sure that her only child would go on stage to present a bouquet of roses to the former First Lady immediately upon the conclusion of her speech. Then, she made sure that we would transport Mrs. Roosevelt from the event in our family car—an arrangement that undoubtedly presaged the need for a tighter and more protective Secret Service.

That evening, 40 years ago, is etched indelibly in my memory. Mrs. Roosevelt was eloquent and compassionate, dignified and warm, purposeful and friendly. She inspired a genuine sense of goodness about public life.

Years later, I carefully observed my daughter's reactions when she met—and when she watched television interviews with—another very remarkable First Lady, Hillary Rodham Clinton. My daughter, Sarah, who (unlike her younger brothers) is not particularly awed by famous people, has an unmistakable

glow when she listens to the First Lady. On one such occasion, during the Presidential campaign, Sarah declared most emphatically: ''Hillary Clinton makes me feel very good!''

As Sarah later explained to me, Hillary makes her feel good to be a woman. Sarah finds inspiration and reaffirmation from women who are strong and gentle, determined and kind, and who have a finely-tuned, life-affirming social conscience. It is those qualities that Hillary enlivens in Sarah.

Above the din of shrill acrimony and demonization that passes as political discourse these days, Sarah—through Hillary's example—has gained a much better understanding about the positive potentialities of public service.

Sarah's perceptions about the First Lady are well grounded. Of Hillary's many fine qualities that abundantly substantiate Sarah's impressions, three are particularly salient for me.

First, empathy. Although the First Lady's virtuosity in testifying before five Congressional committees on health reform was properly chronicled, her interactions in meetings with ordinary people were, in my judgment, even more impressive. For people experiencing unfathomable emotions watching loved ones bear the direst consequences of an inequitable health system, Hillary was a reassuring presence. She listened. She consoled. She explained. She gave hope. She infused strength, and she seemed to gain strength in return.

Second, an indomitable spirit. No one can deny that the First Lady has had to confront difficult, and undoubtedly emotional, moments of a profound adversity during the past four years. But, even during the most troubled periods of the campaign, and the denouement of the health reform fight, and this past November's elections, the First Lady demonstrated a resiliency that is truly remarkable. She remains focused. She moves on. Through her example, and with her words of encouragement, she helps us to find the next, highest ground.

Third, her unswerving support for low-income and other vulnerable constituencies. Time and again, throughout her career and her ascendancy to national leadership, Hillary Clinton has been a steady, reliable and thoughtful voice for people who are poor and deserve a helping hand. At the Legal Services Corporation, in the fight for universal health coverage, as an eloquent spokesperson for America's children, and in the quest for improved educational opportunities, Hillary Clinton has effectively opened doors and championed new possibilities for ''the other America.'' In so doing, she has enriched us all.

Sarah instinctively knows why I and our family's best friends, felt overjoyed on the night of November 8, 1992. For so many of us, it was an opportunity to dream once again. Although we now know better how difficult it will be to achieve our dreams, Hillary Rodham Clinton's vitality, inspiration and encouragement will keep us going, keep us working, keep us fighting—and keep us dreaming.

---

REMARKS OF ROBERT RUBIN, UNITED STATES SECRETARY OF THE TREASURY

Hillary Rodham Clinton is an unusual woman who has spent her life doing extraordinary things.

She graduated from law school at a time when few women chose law as a profession. Since then, she has balanced with grace the demands of public life with the pressures of protecting and nurturing a child being raised in the national spotlight. And with great effect, she has used her personal and professional experiences as an advocate for women, children, and families, and to advance their rights in the eyes of the law.

There is no constitutionally defined job description for the role of First Lady. She can look to tradition, to the times in which she lives, to the demands placed upon her by the President and her family. But the women who have made the greatest impact on our nation are the ones who have blazed a trail that is uniquely their own.

This is the course Hillary Rodham Clinton has followed so remarkably these last two and one-half years.

As First Lady, she has opened the White House to more Americans than have visited the First Family's residence in our history. On health care, she opened the policymaking process to victims of disease, families haunted by extraordinary health care expenses, and to the community of healers, practitioners and administrators. As a result, we are closer today than ever before to reforming our nation's health care system.

Most of all, she has opened the minds and hearts of Americans about the role, the pressures and the opportunities that come with being a First Lady, a mother, and a President's partner at this important time in our history.

As a member of the President's Cabinet, and as a former member of the President's staff, it has been my privilege to know and admire Hillary Rodham Clinton. She is a wise counselor, an enormously sensitive, decent and compassionate person, and someone to whom we have well entrusted the role of First Lady in our national life.

---

REMARKS OF ELIE WIESEL, ANDREW W. MELLON PROFESSOR IN THE HUMANITIES, BOSTON UNIVERSITY, NOBEL PEACE LAUREATE, 1986

Hillary Rodham Clinton is worth knowing better. The more closely one observes her, the more impressed one is by her intellectual curiosity and human sensitivity.

A woman with a mind of her own, deeply committed to social values, she sets high standards for others and ever higher ones for herself.

She does what she says and says what she wants to say—not what others want to hear.

Whatever she does, she does well, with genuine though subdued enthusiasm.

Her language is clear, her words precise, her initiatives courageous. She knows what she wants, though she also knows that one cannot obtain everything one wants.

I wish she were appointed by the President of the United States to the unpaid cabinet position of Secretary for Human Rights—a field in which she could do wonders for all those who need an intercessor.

---

HILLARY RODHAM CLINTON BIOGRAPHICAL DATA

Born: October 26, 1947, in Chicago, Illinois.

Husband: President William Jefferson Clinton.

Daughter: Chelsea Victoria Clinton.

Education: B.A. Wellesley College, 1969; J.D. Yale Law School, Yale University, 1973.

Law Practice and Professional Associations: Admitted to Arkansas Bar, 1973; U.S. District Court (Eastern and Western districts of Arkansas); U.S. Court of Appeals (8th Circuit); U.S. Supreme Court, 1975; Children's Defense Fund, Cambridge, MA and Washington, D.C., and Carnegie Council on Children, New Haven, CT, 1973–74; Counsel, Impeachment Inquiry Staff, Judiciary Committee, U.S. House of Representatives, Washington, D.C., 1974; Chair, American Bar Association Commission on Women in the Profession, 1987–91; Chair, Legal Services Corporation, Washington, D.C., 1978–80; Member, Board of Directors, 1977–81; Partner, Rose Law Firm, Little Rock, AR, 1977–92.

Law Teaching: Assistant Professor of Law and Director of the Legal Aid Clinic; University of Arkansas School of Law at Fayetteville, 1974–76; Assistant Professor of Law, University of Arkansas School of Law at Little Rock, 1979–80.

Publications: ''Children Under the Law,'' Harvard Educational Review, January 1974;

Hillary Rodham, Book Note, Children's Policies: Abandonment and Neglect, 86 Yale L.J. 1522 (1977) (reviewing Steiner: The Children's Cause) (1976);

''Handbook on Legal Rights for Arkansas Women,'' Carolyn Armbrust [et al.], a project of the Governor's Commission on the Status of Women, 1977, 1987 editions;

''Children's Rights: A Legal Perspective,'' Children's Rights, Teachers College Press, New York, 1979;

''Teacher Education: Of the People, By the People and For the People,'' Beyond the Looking Glass: Papers from a National Symposium on Teacher Education Policies, Practices, and Research, March 1985 and Journal of Teacher Education, January–February 1985;

''The Fight Over Orphanages,'' Newsweek, January 1995;

''The War on America's Children,'' New York Newsday, March 12, 1995;

''Investing in Sisterhood,'' The Washington Post, May 14, 1995.

Honors and Awards:

Honorary Doctor of Law: University of Arkansas at Little Rock, 1985; Arkansas College, Batesville, Arkansas, 1988; Hendrix College, Conway, Arkansas, 1992; University of Michigan, 1993; University of Pennsylvania, 1993; University of Sunderland, England, 1993; University of Illinois, 1994; University of Minnesota, 1995; San Francisco State University, 1995.

Honorary Doctor of Public Service: The George Washington University, 1994; Who's Who in the World, 1995; Who's Who in America, 1995; Who's Who in American Law, 1994–95; Who's Who of Emerging Leaders in America, 1993–94; Who's Who of American Women, 1993–94; International Who's Who, 1994–95.

Honorary Life Member, The Honor Society of Phi Kappa Phi

Arkansas Bar Association and Arkansas Bar Foundation Award, 1985

Arkansas Woman of the Year, 1983

Phi Delta Kappa Award for Outstanding Layman of the Year, 1984

Pulaski County Bar Association Lawyer Citizen Award, 1987

Gayle Pettus Pontz Award, Women's Law Student Association, University of Arkansas at Fayetteville, 1989

Director's Choice Award, National Women's Economic Alliance Foundation, 1991

Outstanding Lawyer-Citizen Award, Arkansas Bar Association, 1992

Lewis Hine Award, National Lawyer and Child Labor Committee, January 26, 1993

Albert Schweitzer Leadership Award, Hugh O'Brian Youth Foundation, May 10, 1993

The Iris Cantor Humanitarian Award, July 19, 1993

1993 Charles Wilson Lee Citizen Service Award, Committee for Education Funding

1993 Awareness Achievement Award, National Breast Cancer Awareness Month

Claude D. Pepper Award, The National Association for Home Care, October 19, 1993

Distinguished Service Award, National Center for Health Education, November 18, 1993

Healthcare Advocacy Award, National Symposium of Healthcare Design, November 19, 1993

National Public Service Award 1993, The Bar Association of the District of Columbia, December 4, 1993

Fannie Lou Hamer Human Rights Award, Clergy and Laity Concerned, December 16, 1993
Distinguished Pro Bono Service Award, San Diego Volunteer Lawyer Program, 1994
Commitment to Life Award, AIDS Project Los Angeles, January 27, 1994
Distinguished Service Health Education & Prevention Award, National Center for Health Education, February 2, 1994
First Annual Eleanor Roosevelt Freedom Fighter Award, Alachua County Democratic Executive Committee, March 21, 1994
Social Justice Award, United Auto Workers, March 22, 1994
Brandeis Award, School of Law, University of Louisville, April 1, 1994
Benjamin E. Mays Award, A Better Chance, Inc., April 4, 1994
Ernie Banks Positivism Trophy, Emil Verban Memorial Society, April 6, 1994
Humanitarian Award, Alzheimer's Association, April 11, 1994
Elie Wiesel Foundation Award, April 14, 1994
International Broadcasting Award, Hollywood Radio and Television Society, April 26, 1994
Ellen Browning Scripps Award, Scripps College, April 26, 1994
Legislator of the Year Award, The American Physical Therapy Association, April 27, 1994
HIPPY USA Award, May 6, 1994
Women of the Year Award, Yad B'Yad Award, May 7, 1994
C. Everett Koop Medical for Health Promotion and Awareness, American Diabetes Association, May 17, 1994
Distinguished Pro Bono Service Award, San Diego Lawyer's Program, May 17, 1994
Humanitarian Award, Chicago Chapter, Hadassah Medical Organization, May 26, 1994
Coalition of Labor Union Women 20th Anniversary Award, May 20, 1994
Women of Distinction Award, National Conference for College Women Student Leaders, June 2, 1994
Mary Hatwood Futrell Award, National Education Association, June 14, 1994
Woman of Achievement Award, B'nai B'rith Women, June 15, 1994
Claude Pepper Award, National Association for Home Care Board of Directors, June 19, 1994
Women's Legal Defense Fund Award, June 23, 1994
Shining Star Award, Starlight Foundation, August 2, 1994
Martin Luther King, Jr. Award, Progressive National Baptist Convention, Inc., August 12, 1994
Children's Diabetes Foundation Brass Ring Award, October 28, 1994
Women's Media Group Award, Women's Media Group, November 1, 1994
American Academy of Matrimonial Lawyers Family Advocate of the Year Award, Greenfield & Murphy, November 4, 1994.
Woman of Distinction Award, Women's League for Conservative Judaism, November 13, 1994
30th Anniversary of Women at Work Award in Public Policy, National Commission on Working Women, December 6, 1994
Boehm Soaring Eagle Award for Excellence in Leadership, National Women's Economic Alliance Foundation, December 12, 1994
National Woman's Law Center Award, 1994
Award for Excellence in Communication, Capital Speakers Club, January 18, 1995
National Federation of Black Women Business Owners Black Women of Courage Award to Hillary Rodham Clinton, February 8, 1995
Greater Washington Urban League Award, March 8, 1995
Golden Acorn Award, Child Development Center, March 9, 1995
Servant of Justice Award, New York Legal Aid Society, March 23, 1995
Health Educator of the Year Award, The Ryan White Foundation, April 8, 1995
Golden Image Award, Women at Work, April 9, 1995
1995 Outstanding Mother Award, National Mother's Day Committee, April 13, 1995
Eleanor Roosevelt Award, Citizen's Committee For Children of New York, Inc., April 24, 1995
United Cerebral Palsy Humanitarian Award, 1995
World Health Award, American Association for World Health, World Health Day, April 24, 1995
Brooklyn College, Presidential Medal, 1995
Memberships and Associations:
Member, Arkansas Bar Association
Member, Arkansas Trial Lawyers Association
Member, Pulaski County Bar Association
Founder and President, Arkansas Advocates for Children and Families, Founder, President and Member of Board of Directors, 1977–84
Chair, Arkansas Rural Health Committee, 1979–80
Chair, Board of Directors, Children's Defense Fund, Washington, D.C., 1986–91, Member, Board of Directors, 1976–92
Chair, Arkansas Education Standards Committee, 1983–84
Yale Law School Executive Committee, New Haven, CT, 1983–88, Treasurer, 1987–88
Member, Southern Governors Association Task Force on Infant Mortality, 1984–85
Member, Commission on Quality Education, Southern Regional Education Board, 1984–1992
Member, Youth and America's Future: The William T. Grant Foundation Commission on Work, Family, and Citizenship, 1986–88
Board of Directors, Wal-Mart Stores, Inc., 1986–92
Board of Directors, Child Care Action Campaign, New York, NY, 1986–92
Board of Directors, Southern Development Bancorporation, 1986–92
Chair, Board of Directors, New World Foundation, New York, 1987–88, Member, Board of Directors, 1983–88
Board of Directors, Co-Chair for Implementation, Commission on Skills of the American Workforce, National Center for Education and the Economy, 1987–92
Board of Directors, ''I Have a Dream'' Foundation, 1988–89
Board of Directors, Arkansas Children's Hospital, 1988–92
Board of Directors, New Futures for Little Rock Youth, 1988–92
Member, HIPPY USA Advisory Board, 1988–92
Board of Directors, Franklin and Eleanor Roosevelt Institute, 1988–93
Charter Member, Business Leadership Council, Wellesley College, 1989
Board of Directors, Children's Television Workshop, 1989–92
Board of Directors, TCBY Enterprises, Inc., 1989–92
Board of Directors, National Alliance of Business Center for Excellence in Education, 1990–91
Board of Directors, Public/Private Ventures, 1990–92
Arkansas Business and Education Alliance, 1991–92
President, Board of Directors, Arkansas Single Parent Scholarship Fund Program, 1990–92
Chair, National Board of the Claudia Company, 1991–93
Honorary President of the Girl Scouts of America, 1993-present
Member, Visiting Committee, University of Chicago Law School, 1991–92
Alumnae Trustee, Wellesley College, 1992–93

DEDICATEES OF ANNUAL SURVEY OF AMERICAN LAW

1942 Harry Woodburn Chase
1943 Frank H. Sommer
1944 Manley O. Hudson
1945 Carl McFarland
1946 Robert M. LaFollette, Jr., A.S. Mike Monroney, George B. Galloway
1947 Roscoe Pound
1948 Arthur T. Vanderbilt
1949 Herbert Hoover
1950 Bernard Baruch
*1951 Robert P. Pattersonn
1952 Phanor J. Eder
1953 Edward S. Corwin
1954 Arthur Lehman Goodhart
1955 John Johnston Parker
1956 Henry T. Heald
1957 Herbert F. Goodrich
1958 Harold H. Burton
1959 Charles E. Clark
1960 Whitney North Seymour
1961 Austin Wakeman Scott
1962 Fred H. Blume
1963 Laurence P. Simpson
*1964 Edmond Cahn
1965 Charles S. Desmond
1966 Tom C. Clark
1967 Francis J. Putman
1968/69 Russell D. Niles
1969/70 Jack L. Kroner
*1970/71 Frank Rowe Kenison
1971/72 Robert A. Leflar
1972/73 Justine Wise Polier
1973/74 Walter J. Derenberg
1974/75 Robert B. McKay
1976 Herbert Peterfreund
1977 Charles D. Breitel
1978 Henry J. Friendly
1979 David L. Bazelton
1980 Edward Weinfeld
1981 William J. Brennan, Jr.
1982 Shirley M. Hufstedler
1983 Thurgood Marshall
1984 Hans A. Linde
1985 J. Skelly Wright
1986 William Wayne Justice
1987 Frank M. Johnson, Jr.
1988 Bernard Schwartz
1989 Barbara Jordan
1990 Harry A. Blackmun
1991 Martin Lipton
1992/93 John Paul Stevens
1994 Judith S. Kaye
1995 Hillary Rodham Clinton
*In memoriam.

## SOUTH PACIFIC NUCLEAR-FREE ZONE TREATY [SPNFZ]

Mr. PELL. Mr. President, I was gratified yesterday by the French announcement in support of a complete ban on nuclear testing next year. Unfortunately, at present, France intends to conduct a series of nuclear tests in the South Pacific during the remainder of this year and the first part of next year.

The decision of the new French Government has brought about a storm of protest from Pacific nations who had fervently hoped that they would never see nuclear testing in their region.

So far, the United States, Britain, and France have maintained a relatively united public position with regard to nuclear testing. This changed with the decision of the French to resume testing while Britain and the United States have placed a moratorium on their own nuclear testing.

Mr. President, it is very important that the world understand that we were very serious about our commitment at the Non-Proliferation Treaty Review Conference in New York this spring in negotiation of a comprehensive test ban. We must not lose sight of that goal. A good step in that direction now would be an affirmation to the nations of the South Pacific that we stand with them in their desire that there be no further nuclear testing in their region.

Mr. President, today Senator THOMAS and I sent a letter to the President to urge that he take the positive and important step of seeking Senate advise and consent to ratification of three protocols to the South Pacific Nuclear-Free Zone Treaty. This treaty, known as the Treaty of Rarotonga, took effect in 1986. Parties include Australia, the Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Western Samoa, the Solomon Islands, and Tuvalu.

Countries in the region are united in their opposition to the proposed French tests. The chairman of the South Pacific Forum, the Prime Minister of Australia, P.J. Keating, expressed the forum's ''unequivocal opposition of France's decision'' to resume testing. In a separate statement, Keating went on to say that the tests were viewed as ''an assault upon the rights of small nations by a large one.''

Papua New Guinean Prime Minister Julius Chan described France's decision as ''deplorable and unacceptable.'' He argued that the decision is ''not only counter-productive to the conduct of friendly relations between Metropolitan France and Island Governments, but must be condemned.'' Chan went on to say that ''France's total lack of sensitivity of the issue'' is a major problem for the entire region.

Several countries in the region expressed concern that the French tests would set back nonproliferation efforts around the world. New Zealand Prime Minister Bolger cited the South Pacific's ''sense of outrage'' and argued that the tests run ''directly counter to the worldwide trend away from the development and use of nuclear weapons and puts at risk all that has been achieved in nuclear disarmament since the end of the cold war.'' Keating noted that ''France's very position as a responsible and leading power in the world means that each new test by France will give comfort to would-be proliferations, and each test will give pause to many of those countries whose support we will need to conclude the CTBT.''

The sentiment of the region was perhaps best expressed by Keating, who said that the overwhelming majority of countries in the region felt that ''if France must test these weapons, let her test them in metropolitan France.''

Mr. President, I hope very much that the administration will decide to show support for the desires and resolve of the inhabitants of the South Pacific with regard to nuclear testing. It will serve to reinforce our commitment at the Non-Proliferation Treaty Review Conference to achievement in 1996 of a complete ban on nuclear testing. Moreover, Presidential action would demonstrate that we are willing to stand with those nations desiring to take strong positions with regard to nuclear nonproliferation.

## MEASURE WOULD FOSTER MARINE AQUACULTURE

Mr. PELL. Mr. President, I rise as a cosponsor of the Marine Aquaculture Act of 1995, a measure sponsored by the junior Senator from Massachusetts (Mr. KERRY) to foster the growth of our marine aquaculture industry.

Senator KERRY, the ranking member of the Commerce Committee Oceans and Fisheries Subcommittee, has done an excellent job in drafting this legislation to promote marine aquaculture research and the development of an environmentally sound marine aquaculture industry in the United States.

The bill would create a coastal and marine aquaculture research and development program under the National Sea Grant College Program Act. As one of the fathers of the sea grant system, I am delighted that this new measure builds upon the sound and proven base of the sea grant.

I know that this measure is designed to promote marine aquaculture, as distinct from other general aquaculture measures. This is an area that has been largely overlooked and underdeveloped in the United States, but that has become increasingly competitive in the international market.

The United States cannot long afford to ignore the potential of marine aquaculture, because many of our fisheries already are overfished and nearing collapse. The groundfish stock off New England shores already has collapsed and the closures of our fisheries have hit hard.

Marine aquaculture may not be a panacea, but it has the potential to provide both new employment opportunities and to bring some relief to our fisheries by developing alternate sources.

I commend this measure to the attention of my colleagues and I congratulate Senator KERRY for his excellent work.

## RELIGIOUS ORGANIZATIONS AND SOCIAL SERVICE AGENCIES CALL ON CONGRESS TO REMEMBER THE POOR IN MAKING DECISIONS ON WELFARE REFORM

Mr. DASCHLE. Mr. President, as the Senate prepares to begin its August recess, it is clear that much business awaits our return. One of the first issues we will return to will be reform of our Nation's welfare system. As we reflect over the coming weeks on how our policy choices made here will affect our Nation's neediest, and American society as a whole, I would ask my colleagues on both sides of the aisle to consider the powerful statement made this week by 47 leaders of our Nation's major religious denominations and social service agencies.

This week, in an unprecedented and moving way, 47 leaders from the Catholic, Protestant, Jewish, and Moslem communities signed a letter that was delivered to every Member of the Senate. The letter called on Congress to remember the poor as it makes decisions on welfare reform.

Citing the verse in Proverbs 31:9, ''Speak up, judge righteously, champion the poor and the needy,'' the leaders called on Congress to reaffirm a federally guaranteed safety net for those in our Nation who are most vulnerable.

The letter also focused on the drastic effects of current proposals on the ability of the religious social service organizations to provide for the poor.

Mr. President, these religious leaders wrote that they are motivated not only from their faith-based ethics, but also from their years of experience in serving poor families in the churches, synagogues, mosques, temples, and service agencies across the country. I was particularly moved by the consensus found among America's many and diverse religious communities with regard to the obligation of all of us to care for all of our citizens, especially our children.

I urge my colleagues to reflect on the points raised in this important letter from our Nation's religious leaders.

I ask unanimous consent that the text of the letter and the list of 47 signatories be printed in the CONGRESSIONAL RECORD.

DEAR SENATORS DOLE, DASCHLE, PACKWOOD and MOYNIHAN: We write on behalf of the religious organizations we represent to urge you to make the well-being of women, children and families your primary objective as you seek to reform the nation's welfare system. As the Congress sorts through fiscal, political, and ideological pressures to construct real reform, the decisions you make will be a test of our nation's values, of our commitment to ''the least among us,'' and of our willingness to offer genuine help and opportunity to our poorest families.

We are commanded in Proverbs 31:9, ''Speak up, judge righteously, champion the poor and the needy.'' We are called to share God's wealth with those of God's children who cannot provide for themselves. The moral test of any nation is how well it fulfills this Biblical mandate.

As leaders of many of this nation's religious faith communities and religious social service organizations, we are called to stand with, and seek justice for, people who are poor. We share a conviction that welfare reform must not focus on eliminating programs, but on eliminating poverty and the damage it inflicts upon children (who comprise 2/3 of all recipients of cash assistance), on their parents, and on the rest of society. Genuine reform must provide the disadvantaged with the tools they need to become self-sufficient.

Specifically, we advocate reform that: Strengthens families; Preserves a federally guaranteed safety net for the vulnerable; Protects human life and human dignity; Encourages and rewards work; Creates jobs, strengthens job training and improves child

care; Improves aid to all needy children, regardless of the circumstances of their birth; Maintains current support for legal immigrants; and Builds public/private partnerships to overcome poverty.

In particular, we urge policy makers not to abandon the concept of ''entitlement:'' i.e. that there are certain categories of vulnerable people who are entitled to protection. The existing guaranteed support, in the form of support for poor children and the disabled, school lunch programs, and food stamp programs, must remain priorities for our nation.

Current proposals for block grants eliminate the structure of guaranteed support and leave our country's needy at risk from natural disasters and economic downturns. This system of block grants would also create annual budget battles over funding, which could further cripple the welfare safety net. If the Senate enacts block grant proposals despite these very troubling concerns, we strongly urge the inclusion of ''maintenance of effort'' requirements, which will guarantee that states will continue to do their part in supporting the poor. With the existing requirements that states must match federal funding, the states currently provide 45% of support for America's poor. Without ''maintenance of effort'' provisions, states could slash their funding to dangerously low levels, especially financially disadvantaged states where assistance is most needed.

The needs of children of unwed mothers under 18 years of age and of mothers already on welfare are just as legitimate as the needs of all other children, and they must not suffer as a result of their parents' circumstances or choices. Therefore, we urge you to vote against family caps and child exclusion provisions. Such measures have never been proven to be effective, and only succeed in encouraging women to have abortions or forcing children to live in extremely deprived conditions.

In addition to our faith-based ethics, these principles are based on years of experience in serving poor families in our churches, synagogues, mosques, temples, and service agencies. Many religious social service providers have a strong track record in developing programs that achieve independence from welfare. We seek to work with the Congress to shape policies that build on these successes.

We are gravely concerned that some current proposals rely on the idea that the religious community can provide for those who will ''fall through the cracks'' of the safety net, cracks created by proposed reforms now before Congress. In fact, over the last decade, our social service providers have experienced a marked increase in the demand for our services, which are now operating at full capacity. Many of these services, in fact, are currently a partnership between government and religious bodies, dependent upon government funding. A recent study on the effect of the proposed budgetary reforms by Independent Sector reveals that charitable contributions would have to double over the next seven years in order to compensate for the massive cuts proposed by the House. Since the present system severely challenges the religious community's ability to meet the needs of the country's poor, we fear that the current proposals would completely overwhelm our resources for serving the needy.

We support a stronger partnership between the religious community and the government in serving and empowering poor families. For this crucial public-private partnership to survive, it is imperative that Congress pass welfare reform legislation that maintains an effective and helpful role for the federal government to care for our nation's needy.

Sincerely,

The Catholic Community:

Bishop John Ricard, S.S.J., Chair of the Domestic Policy Committee of the U.S. Catholic Bishops Conference;

The Very Reverend Gerald L. Brown, S.S.J., President, Roman Catholic Conference of Major Superiors of Men's Institutions;

Andree Fries, C.P.P.S., President, Leadership Conference of Women Religious;

Reverend Fred Kammer, S.J. President, Catholic Charities USA;

Reverend Michael Linden, S.J. Associate, Jesuit Conference USA, National Office of Jesuit Social Ministries;

Kathy Thornton, RSM, National Coordinator, NETWORK: A National Catholic Social Justice Lobby.

The Protestant Community:

Reverend Dr. Joan Brown Campbell, General Secretary, National Council of Churches of Christ;

Reverend Dr. Gordon L. Sommers, President, National Council of Churches, and President, Moravian Church, Northern Province;

Archbishop Khajag Barsamian, the Diocese of the Armenian Church of America;

Bishop Edmond L. Browning, Presiding Bishop of the Episcopal Church; Bishop Herbert W. Chilstrom, Evangelical Lutheran Church in America; Reverend Donald M. Hallberg, Lutheran Social Services of Illinois; Reverend Elenora Giddings Ivory, Presbyterian Church USA, Washington Office; Larry Jones, President, Feed the Children; Reverend Dr. Donald E. Miller, General Secretary, Church of the Brethren; Reverend Dr. Paul H. Sherry, President of the United Church of Christ; Ronald J. Sider, President, Evangelicals for Social Action; Bishop Melvin G. Talbert, Secretary, Council of Bishops, United Methodist Church; Reverend Robert Tiller, Director, American Baptist Churches USA, Office of Governmental Relations.

*Historical Black Churches:* Bishop H. Hartford Brookins, African Methodist Episcopal Church; Bishop William H. Grazes, Christian Methodist Episcopal Church, First Episcopal District; Dr. E. Edward Jones, President, National Baptist Convention of America; Dr. Henry Lyons, President, National Baptist Convention USA, Inc.; Reverend H. Michael Lemmons, Executive Director, Congress of National Black Churches; Dr. B.W. Smith, President, Progressive National Baptist Convention; Bishop Roy L.H. Winbush, Church of God and Christ; Chair, Congress of National Black Churches.

*Quakers and Unitarians:* Kara Newell, Executive Director, American Friends Service Committee; Joe Volk, Executive Secretary, Friends Committee on National Legislation; Richard S. Scobie, Executive Director, Unitarian Universalist Service Committee.

*Religious Public Policy Organizations:* David Beckmann, President, Bread for the World.

*Muslim Community:* Abdurahman Alamoudy, Executive Director, American Muslim Council.

*Jewish Community:* Rabbi Alexander Schindler, President, Union of American Hebrew Congregations; Rabbi Paul Menitoff, Executive Vice President, Central Conference of American Rabbis; Rabbi David Saperstein, Director, Religious Action Center of Reform Judaism; Alan Ades, President, United Synagogue of Conservative Judaism; Rabbi Jerome Epstein, Executive Vice President, United Synagogue of Conservative Judaism; Rabbi Alan Silverstein, President, Rabbinical Assembly; Rabbi Joel Meyers, Executive Vice President, Rabbinical Assembly; Dr. Ismar Schorsch, Chancellor, Jewish Theological Seminary; Michael Cohen, President, Reconstructionist Rabbinical Association (RRA); Yael Shuman, Executive Director, RRA; Jane Susswein, President, Federation of Reconstructionist Congregations and Havurot (FRCH); Rabbi Mordechai Leibling, Executive Director, FRCH; Rabbi David A. Teutsch, President, Reconstructionist Rabbinical College; Dr. Mandell I. Ganchrow, President, Union of Orthodox Jewish Congregations; Martin S. Kraar, Executive Vice President, Council of Jewish Federations; Lynn Lyss, Chair, National Jewish Community Relations Advisory Council.

## FOURTH WORLD CONFERENCE ON WOMEN

Mr. KERRY. Mr. President, next month the Fourth World Conference on Women will take place in Beijing. During Senate consideration of S. 908, the foreign Relations Revitalization Act, last month, there was some discussion about this conference. At that time, an amendment offered by Senator HUTCHISON was adopted on a voice vote by Senator HELMS and me, as the managers of the bill. That amendment expressed the sense of the Congress on the goals that the United States delegation should promote at Beijing including ensuring that the traditional family is upheld as a fundamental unit of society and defining gender as the biological classification of male and female.

I would like to point out that I agreed to accept this amendment in the interest of moving the legislation process forward. I would also add that the underlying legislation, S. 908, was returned to the calendar because cloture was not invoked.

As Senator BOXER noted accurately in her comments on the Senate floor on the amendment, some of the language seems to raise questions or at least be unnecessary. We all know that there are only two genders, male and female. Why we need to insturct our delegation in that basic fact of biology is unclear to me. Also, the language about promoting the family as the fundamental unit of society raises questions in my mind as to whether a single woman constitutes a family with the right of protection by society. Are we saying that every woman must be married and have children to be protected? I would hope not because no woman should be denied rights simply because she chooses not to marry or if she is divorced. Unfortunately, Senator HUTCHISON was not on the Senate floor to address these questions at the time they were raised by Senator BOXER. Therefore, the real intent of her amendment, which to the best of my recollection only two Members of the Senate—the managers—agreed to, remains unclear.

Mr. President, on August 2, Ambassador Albright spoke to the Center for National Policy about the Women's Conference. In that address, she dicussed the U.S. goals at that conference. I ask that her remarks be printed in the RECORD.

The remarks follow:

AMBASSADOR MADELEINE ALBRIGHT, U.S. PERMANENT REPRESENTATIVE TO THE UNITED NATIONS, CONCERNING THE FOURTH WORLD CONFERENCE ON WOMEN CENTER FOR NATIONAL POLICY BREAKFAST—WASHINGTON, DC

Good Morning. I am pleased to be here. I may be prejudiced, but I think the Center for National Policy is a great organization, and I appreciate its willingness to sponsor this timely event.

The Fourth World Conference on Women will convene in China in 33 days and, let there be no doubt, the United States will be there.

We will be there because this conference is a rare opportunity to chart further gains in the status and rights of more than half the people on earth.

As leader of the American delegation, I am confident that U.S. goals will have strong support. These include—

promoting and protecting the human rights of women and ending violence against women;

expanding the participation of women in political and economic decisionmaking;

assuring equal access for women to education and health care throughout their lives;

strengthening families through efforts to balance the work and family responsibilities of both women and men; and

recognizing the increased role of nongovernmental organizations (NGO's) in building strong communities—at the local, national and international levels.

The conference in Beijing will be the fourth in a series begun 20 years ago in Mexico City. These gatherings have spurred legal, social and political reforms that have enhanced the lives of women and girls around the globe. Our goal now is to build on past gains and to hasten the removal of continuing obstacles to the full and equal participation of women in society.

As someone whose family was driven from its home twice when I was a child, first by Hitler, then by Stalin, I believe it is the responsibility of every free person to do what he or she can to advance the freedom of others. And I intend to see that the U.S. delegation to the Women's Conference serves as an unabashed advocate for freedom and human rights.

Unfortunately, today, in countries around the world, appalling abuses are being committed against women. These include coerced abortions and sterilizations, children sold into prostitution, ritual mutilations, dowry murders and official indifference to violence.

The Clinton Administration will use the conference in Beijing to underline the truth that violence against women is no one's prerogative; it is not a cultural choice; it is not an inevitable consequence of biology—it is a crime that we all have a responsibility to condemn, prevent, punish and stop.

Now, there are those who say that we should withdraw from the Women's Conference because of human rights policies of the host country. Those suggestions are well-motivated, but they miss the main point. American withdrawal would not stop the conference or cause it to be moved; it would lead, instead, to a conference in which 130 million American women would be unrepresented and in which American influence and leadership would not be felt.

It just does not make sense, in the name of human rights, to boycott a conference that has, as a primary purpose, the promotion of human rights.

The way to help women, in China and elsewhere, is not to abandon the field to others, but rather to attend this conference, to debate head-on the differences of philosophy and ideology that exist, to lay out before the world the abuses we want to halt and the obstacles to progress we want to remove, and to gain commitments to change from the societies most in need of change. That is what leadership and a commitment to free and open discussion are all about.

With respect to Harry Wu, our position is clear. He should be released immediately and unharmed. His case is a top priority for the United States. I can understand why some would want to tie conference participation to Mr. Wu's release, but that assumes falsely that our attendance would be some sort of favor to Beijing. We have no cause to believe that our approach to the conference will have any impact on China's decisions concerning Mr. Wu.

We do have reason, however, to hope that the conference will have a positive effect on the status of women in China.

Conference preparations already have contributed to a heightened awareness within China of women's issues. There is public discussion of previously taboo subjects, including violence against women. Chinese returning from the preparatory meetings have described their heightened sensitivity to the treatment of women in the media and to the economic exploitation of women. It matters a great deal that more than 5,000 Chinese women will participate in the NGO forum and will take their impressions back to their communities.

Given the nature of China's human rights record, I do not mean to exaggerate the impact of this one conference. But as a former board member of the National Endowment for Democracy, I know that one of the best ways to promote democratic thinking is to expose people to new ideas on matters that relate directly to their own lives.

Exposure to such thinking matters to us not only in China, but around the world, because countries in which women have a fair share of power tend to be more stable, democratic, prosperous and just than those in which women are marginalized and repressed.

The Women's Conference will contribute to a freer and more equitable world. As its recommendations are implemented, it will also strengthen families around the world. We know from our own experience that when families are strong, children are cared for, socially constructive values are taught and an environment is created in which civility and law may thrive.

So we want momentum to build around the idea that women and men should share fairly in the responsibilities of family life; we want to see girls valued to the same degree as boys; we want parents and prospective parents to be able to make informed judgments as they plan their families; and we want to see domestic violence curtailed and condemned.

Each of these is a central element of the Conference draft Platform for Action. And effective action on each will help families and communities everywhere.

Despite recent gains, women remain an undervalued and underdeveloped human resource. This is not to say that women have trouble finding work; in many societies—especially in rural, agriculturally-based areas—they do the vast majority of the work; but they don't own the land, they are not taught to read, they can't obtain personal or business loans and they are denied equal access to the levers of political decisionmaking.

It is no accident that most of those in the world who are abjectly poor are women, often caring for children without the help of the children's father; many trapped from an early age in a web of abuse, discrimination, ignorance and powerlessness from which only a few are able to escape.

We cannot be indifferent. It is reported that, in Angola, one-third of all homicides are perpetrated against women, usually by their spouse.

In Thailand, child prostitution is growing because clients believe older prostitutes are more likely to be infected by HIV.

In Senegal, females receive less than one-third the schooling received by males.

In Sierra Leone, women perform much of the subsistence farming and all of the child rearing and have little opportunity for education.

And almost everywhere, women are restricted by discriminatory attitudes and social and economic structures that are unjust.

The Women's Conference will not solve these problems overnight, but it will call attention to them and promote remedial action. Women the world over are prepared to be full partners in sustainable development, but they need access to education and health care; they need access to credit; and they need equality under the law. Releasing the productive capacity of women is one key to breaking the cycle of poverty; and that will contribute, in turn, to higher standards of living for all nations.

Since the first Women's Conference 20 years ago, opportunities for women have expanded throughout the world. It is no longer a question of whether women from all countries will have a strong voice in controlling their destinies, but only when and how that goal will be achieved.

But building inclusive societies is still a work in progress. The United States has been working on it for two centuries. For more than half our nation's history, until 75 years ago this month, American women could not even vote. Many traditional or authoritarian societies still have a very long way to go. The Fourth Women's Conference will offer guidelines and promote commitments for every state to move forward, whatever current practices and policies may be.

In preparing for this conference, I was reminded of an old Chinese poem in which a father says to his young daughter:

We keep a dog to watch the house;
A pig is useful, too;
We keep a cat to catch a mouse;
But what can we do
With a girl like you?

For me, the Women's Conference will be a success if it brings us even a little closer to the day when girls all over the world will be able to look ahead with confidence that their lives will be valued, their individuality respected, their rights protected and their futures determined by their own abilities and character.

In such a world, the lives of all of us—men and women, boys and girls—will be enriched.

And it is to make progress towards such a world that the United States will be participating actively, forcefully and proudly in Beijing.

Thank you very much. Now, I would be happy to respond to any questions you might have.

## 1995 SUMMER PAGES

• Mr. FRIST. Mr. President, I ask unanimous consent that the names of the summer 1995 pages be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Ryan Scott Rudominer, Adam Thompson, Sarah Goffinet, Nicole Didier, Clay Ford,

Ryan Hilley, Gilbert Winn, Robert Parker, Kristy Moss, Jeff Faberman, Kathryn Tucker, Blake Rutherford, Toby Bendor, Dean Tsilikas, Jonathan Rosen, Deborah Gordon, Alex Winnick, Sarina Sasson.

Jennifer Heyman, Jonathan Weisman, Stephen Cohen, Michael Boland, Annie Singleton, Tyler Blitz, Cristin Gunther, Max Coslov, Lauren McCray, Adam Laxalt, Rebecca Long, Erika Benke, Casey Smith, Jane Gingrich, Tracie Souza, Elisa Varen, John Tuck, Kirk Fistick.●

## EMERGENCY MEDICAL SERVICES FOR CHILDREN [EMSC] 10th ANNIVERSARY

Mr. INOUYE. Mr. President, it gives me great pleasure to congratulate the Emergency Medical Services for Children [EMSC] Grant Program on its 10th anniversary, and acknowledge the progress it has made in meeting the emergency care needs of our Nation's children. Before the authorization legislation was passed in 1984 most emergency care training focused on adult care while the needs of children were underrecognized. Little was known regarding appropriate drugs and dosages for children, and pediatric equipment was not readily available in emergency departments nor in ambulances. Now, more than 40 States have received funding to improve the emergency care provided to acutely ill and seriously injured children, and training in pediatric emergency health care has been greatly expanded nationwide.

It is a tremendous source of pride for me, as I am sure it is for Senator HATCH and Senator KENNEDY, to have introduced this legislation in the Congress a decade ago and to witness the dedication of those who have worked so diligently toward implementation of the various EMSC programs across the country. Few people realize that emergency medical service systems are relatively new—in fact, development of a network of lifesaving resources and technology began a scant 30 years ago. Even fewer realize that these systems initially made no allowance for the unique medical needs of children. During the past 10 years, many people have striven to correct this situation, and EMSC has proven to be an investment in our children that has paid countless dividends in the form of lives saved.

Few of us will ever forget the images of innocent people suffering in the wake of the bombing of the Alfred P. Murrah building in Oklahoma City. Our Nation's collective emotion galvanized around the unforgettable image of the limp body of a child being carried by a firefighter. If that tragedy had occurred 4 years earlier, prior to an EMSC implementation grant awarded to the Department of Pediatrics at the University of Oklahoma Health Services Center, many lifesaving components would not have been in place. Each ambulance that responded to the incident was equipped with pediatric emergency care resources above the national standard. Firefighters, police, doctors, and nurses on the scene were able to assist children effectively because they were trained in pediatric emergency care. All of the these things were possible because of EMSC funding at the Federal level to the State of Oklahoma.

Because our children are our most precious resource, our challenge is to take the EMSC infrastructure that now exists and extend it everywhere so that the system works for all children. A recent Institute of Medicine report on pediatric emergency care documented many remaining gaps. Health care providers remain uninformed about emergency pediatric care, many communities lack even the basic elements of a functional system for emergency care, much of the public remains untrained in CPR and bystander care, and many injury prevention technologies have yet to be generally adopted. We still have much to learn. Research and evaluation are critical in identifying problems, assessing how effectively our strategies address those problems, and enhancing every aspect of care.

Join me in celebrating this important 10 year anniversary by pledging continued support for EMSC so that the special needs of vulnerable children will be met. I extend my best wishes for the future as EMSC reaches for its goal to serve every region of our country and to provide our children with the highest quality emergency care possible. I would also like to recognize the outstanding contributions of Dr. Jean Athey, the current program administrator, and my long-time friend, Dr. Cal Sia, a visionary among pediatricians, who have been so vital to the success of this invaluable program. Congratulations, EMSC, for 10 years of dedicated service.

## RESPONSE TO THE PRESIDENT'S SATURDAY RADIO ADDRESS

Mr. COCHRAN. Mr. President, I have prepared and taped for broadcast the Republican response to President Clinton's national radio address. My comments address the need to reform our Nation's welfare system. The August recess should give all Senators the opportunity to discuss with our constituents their views on welfare reform. When we return in September, I look forward the passage of a welfare reform bill that will be signed by President Clinton.

I ask that my remarks be printed in the RECORD.

The remarks follow:

THE REPUBLICAN RESPONSE TO THE PRESIDENT'S SATURDAY RADIO ADDRESS

If there is any area of government activity that cries out for radical change it is our welfare programs. While the President has talked about changing the system, it was the Republican leadership that stepped forward with specific proposals for reform.

As a Presidential candidate, Bill Clinton promised to "end welfare as we know it." Yet for the first two years of the Clinton Administration—when the Democrats controlled not only the White House but both Houses of Congress—nothing was done.

In the State Houses and in Congress, Republicans are making things happen. We have had legislation introduced in the Senate by Bob DOLE to replace the current welfare system with a fundamentally new approach. That approach rests on several key ideas.

First, we want to give the states the flexibility to manage their own programs. The states have been successful in developing new programs that put able bodied people to work. Governor Thompson of Wisconsin, for example, has worked closely with his legislature and put in place a very different welfare program that is working by emphasizing work. The welfare roles in Wisconsin have been cut by 27 percent with a monthly savings of 17 and a half million dollars. Those are the kinds of results we can expect with greater flexibility at the state level.

Secondly, our approach gets local administrators and case workers to concentrate on moving the welfare caseload off welfare and into the workforce. Most importantly, by stressing employment, it gets able bodied welfare recipients to support themselves and their families. Our plan requires welfare recipients to be working after two years and it limits the duration of eligibility for benefits.

Last week, Democrats in the Senate finally introduced their welfare bill. That bill not only keeps welfare as a federal entitlement, but expands the range of benefits. Furthermore, it flatly ignores pleas from the Nation's Governors to give them more flexibility in designing and managing their own welfare-to-work programs. To continue believing that Washington "can do it better" is to ignore the experience of the past sixty years.

The real tragedy with the current system is the effect it is having on children. In Los Angeles, 62 percent of the children are on welfare. In Chicago, 43 percent of the children are on welfare. In Detroit, the rate is 73 percent. Clearly, we have a system that is not working, and it is even making matters worse.

Today, too many welfare recipients have a greater incentive to remain on welfare than to work. We must change the incentives and break the cycle of dependency. Most who are living under these conditions want a much different life for themselves and their children. But there has been very little encouragement, and too many have no hope at all.

We can change directions; but we must have a program that emphasizes parental support for children, the value of work, and individual responsibility. The Republican leadership plan does that.

Enacting real welfare reform is one of the greatest challenges facing Congress and the Administration. Your Congressman and Senators will be back in their states during the August recess. Let them know how you feel about this issue. We believe our approach is much closer to the kind of change the American people want. Please support our effort if you agree.

## SPECTRUM REFORM

Mr. PRESSLER. Mr. President, I rise today to call attention to the historic action taken in the House of Representatives on August 4. Our colleagues in the other body, under the able leadership of Chairmen TOM BLILEY and JACK FIELDS and ranking minority member JOHN DINGELL, overwhelmingly approved, on a broad bipartisan vote of 305 to 117, H.R. 1555, a companion bill to S. 652, the Senate telecommunications reform bill. As my

colleagues will recall, in June the Senate overwhelmingly approved the Telecommunications Competition and Deregulation Act of 1995 by a vote of 81 to 18. We have moved in record time—through both houses of Congress—the most comprehensive rewrite of America's telecommunications laws in over 60 years.

Since the 1970's, Congress has considered broad based legislation to modernize our laws governing the telecommunications industry. Nothing, however, has been enacted into law. The Telecommunications Competition and Deregulation Act of 1995 will make dramatic and long needed changes in the Government's regulatory oversight of the telecommunications industry. It promotes unprecedented competition among the various providers of telecommunications products, services, and technologies and dramatically reduces costly and counterproductive regulation of this vitally important sector of American industry.

The changes made in the legislation are long overdue. The dramatic enhancements in technology over the last few years have vastly outstripped the existing regulatory process. A major overhaul of this process is essential if we want competition and its results: better jobs, more exports, greater choice and lower prices. That is exactly what the telecommunications reform bill does.

In moving forward to pass reform legislation, we are shunning the old way of doing business. Instead of splitting the difference between warring commercial interests and special pleaders, we must keep our focus on a free-market outcome that will benefit consumers and taxpayers across the country.

Americans trust this country's free enterprise system. Consumers know there is far too much regulation in much of American business. We have witnessed a burgeoning computer industry develop over the past decade precisely because it has been unfettered by excessive Government regulation. Many parts of the telecommunications sector have been less dynamic, because of excessive Government regulation and micromangement. Consumers know that more competition means more choices, lower prices, better quality and more technological innovation. That is what the Telecommunications Competition and Deregulation Act of 1995 is all about.

The bill affirms the tenets of the American free enterprise system by establishing that the marketplace shall determine the winners and losers, not those companies who have demonstrated prowess in protecting markets through the courts and the regulatory process.

Mr. President, passage of telecommunications reform legislation is but one step in moving America forward in the information age of the 21st century. As a next step forward, I intend to press ahead with dramatic radio spectrum reform.

Mr. President, many Americans are aware that wireless technology provides the magic of radio broadcasting and the miracle of television. What is not as well known, but equally important, is that the radio spectrum also enables consumers to receive and transmit a wide variety of wireless voice, data, graphic and video information over the airwaves. At a hearing of the Committee on Commerce, Science, and Transportation Committee, which I chaired on July 27, Members saw demonstrations of a variety of advanced spectrum services.

Wireless communications often are overlooked by many experts in the policy community who rely far too heavily on a high fiber diet. This is unfortunate. Wireless communications is a rapidly expanding multi-billion dollar industry that is transforming modern American life as profoundly as the landline telephone system did at the beginning of this century.

This is especially important in parts of our country dominated by small cities and towns such as in my home State of South Dakota. Such places experience a significant cost differential between wireless and wireline communications—and wireless is far less expensive. Wireless technology could provide solutions to universal service problems we face currently.

Equally profound is the effect wireless communications will have on the once-sacrosanct local wireline telephone monopoly. The introduction of radio technologies into the long distance segment of the telecommunications market in the 1950's led directly to the breakup of the monopoly for long distance services. New generations of wireless telephones will work the same transformation in the local exchange market. This, of course, is one of the fundamental purposes of S. 652.

Today, two out of every three requests for new telephone service are wireless. There are 25 million cellular telephone subscribers and 20 million users of paging technology. Direct Broadcast Satellite DBS service is providing over 200 digital video and audio channels in competition with cable TV. This is only the beginning.

Mr. President, America—indeed the world—is on the cusp of a golden wireless age of communications. Just yesterday I had the great privilege of making the first PCS call in America—to my mother in South Dakota. PCS, or personal communications service, is a fully digital, wireless communications system with advanced features. The launching of PCS service in America is an especially important milestone in our march to the wireless age.

While many people talk about how telecommunications promotes productivity, mobile radio services provide positive proof. Moreover, radio frequency systems are important from a social policy perspective. Mobile radio is a liberating technology. Wireless communications also play an important role against crime, saving lives and promoting public safety. There are over a half-million wireless calls per month to 911 nationwide.

On July 27, the Commerce Committee saw demonstrations of advanced products, services and technologies utilizing the radio frequency spectrum. We also heard witnesses present an informative discussion of new spectrum policy reform initiatives to increase American competitiveness and consumer options. To spark a major reform of our Nation's spectrum use, I will promote legislation for more auctions of spectrum and for more flexibility in spectrum use as part of the reconciliation process.

The spectrum is an enormously valuable, yet finite resource. Unless a reform plan is developed that creates a more effective and efficient use of the spectrum, as well as a more stable supply of spectrum for private sector use, a vast array of new spectrum-based products, services, and technologies will go unrealized.

Such a prospect is particularly disheartening when one considers the benefits that are derived from current spectrum-based technology. The example of cellular telephone technology is a cautionary example. In 1962, AT&T was operating its first experimental cellular telephone system. It was not until 20 years later that the first cellular licenses were handed out by the FCC. Bureaucratic delay and inefficient regulation hampered the development and availability of cellular phones for years. Today, the cellular industry generates about $14.2 billion in revenues a year.

From its very beginning, wireless communications has played a vital role in protecting lives and property and, subsequently—through the development of radio and television broadcasting—in delivering information and entertainment programming to the public at large. More recently, there has been a realization that wireless, spectrum-based telecommunications services, products and technologies are indispensable enablers or drivers of productivity and economic growth, as well as international competitiveness.

The use of spectrum, however, is determined through bureaucratic licensing rules, regulations and procedures first developed in the 1920's. Under this Byzantine system, the Federal Communications Commission [FCC] determines the general uses for the radio spectrum, allocates bands of frequencies to each of those uses, and then issues/assigns licenses for the use of frequencies in each band for specific uses. Spectrum utilized by Federal Government agencies is managed by the National Telecommunications and Information Administration [NTIA] of the Department of Commerce.

Compared to that of most other countries, the U.S. spectrum management system allows for some degree of private sector involvement in spectrum. Yet, the system involves a

central Government planning scheme by Federal regulators and bureaucrats. It is, in short, electromagnetic industrial policy. The FCC must determine which services, which frequencies and the conditions under which they will be provided, and often the specific technology to be used.

The spectrum management system currently utilized in the U.S. tends to result in an inefficient use of the spectrum resource. Federal regulators—rather than consumers—decide whether taxis, telephone service, broadcasters, or foresters are in greatest need of spectrum.

Most importantly, new services, products and technologies face inordinate delays which impose tremendous costs on society. It typically takes many years to get a new service approved by the FCC. The lengthy delay in making cellular telephone service available, as noted earlier, imposed a huge cost on the economy. One recent study estimated the delay cost our economy $86 billion.

In addition, the system constrains competition. One of the most important determinants of a competitive industry is the ability of new firms to enter the business. The allocation process typically provides for a set number of licenses for each service, precluding additional competitors. Only two cellular franchises, for instance, are allowed in each market. This takes on added significance when one considers the important role wireless services will play in bringing competitive alternatives to the wireline telephone system.

Changes in new communications technologies, especially the digitization phenomenon, are making the bureaucratic system even more unworkable. New wireless communications technologies, services and products are being developed at an ever accelerating rate. Even if the FCC were able to weigh the needs and merits of the relatively few spectrum-based services which existed in the 1930's, it is simply not able to do so today. Even if it could, the lengthy delays associated with the allocation and assignment processes, while perhaps acceptable in a slow-changing analog world, are seriously out of step with the fast-changing digitized world of today.

Spectrum auctions employing competitive bidding for spectrum would give applicants for spectrum the right incentives. Applicants would have incentives to bid only for that amount they truly need, and to use it in the most efficient manner possible. The Government would be compensated at a fair market value for granting an applicant the use of the spectrum. There is already a vigorous private market for spectrum rights. The only difference between the private auctions and FCC auctions is that taxpayers, rather than lucky lottery or comparative hearing winners, receive the revenue.

In addition to expanded auctioning authority, I also intend to pursue spectrum flexibility reforms. Historically, when Government allocated a portion of the spectrum was allocated, they have done so for one and only one use. More flexible use of spectrum would be more productive. Since the 1980's, the FCC has allowed the cellular industry to use its spectrum for alternative purposes. As a result of this increased flexibility, we have seen the advent of data services. The recently passed Telecommunications Competition and Deregulation Act of 1995, S. 652, contains provisions for spectrum flexibility for broadcasters. Now is the time to expand on this important spectrum reform.

Recent digital technological developments make other applications of flexible spectrum use feasible. Smart radios using microprocessor technology now make continuous communications possible on tiny slivers of shifting, noncontiguous spectrum. Such spread spectrum technologies also make it possible to program a cellular telephone to operate on different frequencies based on the part of town from which it is transmitting, or even on the time of day.

Mr. President, our country's future hinges on our ability to maintain our leadership in telecommunications, computing and information technology and innovation. The growth in jobs, productivity and international competitiveness will come in the telecommunications, computing and information sector if the Government gets out of the way. By passing a major overhaul and deregulation of telecommunications, and following this with reform of the spectrum system, this Congress can make a major contribution toward greater consumer choices, jobs creation and U.S. competitiveness in global markets.

## A TRIBUTE TO THE RELIEF VOLUNTEERS OF THE OKLAHOMA CITY BOMBING

Mr. NICKLES. Mr. President, it is with great sadness and yet tremendous pride that I look back to the tragic events in Oklahoma City which have impacted Oklahomans as well as all Americans. Etched in our memory is what happened on Wednesday, April 19, at 9:02 a.m. when Oklahoma was stunned by an explosion at the Alfred P. Murrah Federal Building in downtown Oklahoma City. As we reflect on our devastating loss, we realize that the old adage is true—every cloud does have a silver lining. The silver lining we found in Oklahoma City was the outpouring of love, selfless effort, and resources.

We are, forever, indebted to those volunteers who created that silver lining, and they have our utmost respect and gratitude. The individuals are innumerable, but none is forgotten. Each remains as an example for us to emulate. We have learned many lessons from them: lessons of compassion, charity, cooperation, perseverance, and bravery.

First of all, I have been touched by the loving compassion that has motivated the volunteers. The reflections of Dr. Robert C. Bjorklund, a local pastor from Oklahoma City, captured the compassionate spirit found among the rescue workers. He recounted for me his experience while providing counseling assistance at the site just days after the bombing. He had been debriefing the rescue workers as they started and finished their shifts where they were exposed to incredible and tragic images. He expressed how moved he was by the caring and compassion of the rescue workers who seemed more concerned about his condition than their own. Dr. Bjorklund was right when he suggested that the tragedy has been overshadowed by the community's spirit of mutual care and concern. He learned from them firsthand as the rest of us are learning from their example.

The phenomenal generosity of the private donors, rescue workers, and large corporations have also made them models of charity. I was amazed by the immediate and enthusiastic response of citizens donating food, flashlights, batteries, and other supplies to the rescue crews. One young man named Chris Gross from Santa Clara, CA, has given up his salary for 1 year to start the Children of Oklahoma City Scholarship Fund. The selfless rescue workers, such as Dr. Hernando Garzon and his rescue crew from Sacramento, CA, came from far and wide and worked around the clock.

So many sacrificed their time, money, and talents to the cause. The Oklahoma Restaurant Association was especially generous by donating thousands of meals to families and volunteers. For instance, Pizza Hut donated free meals for more than a month to 300 affected families while Cain's Coffee provided 24-hour service to rescue crews. Companies and individuals in Oklahoma and around the country such as Southwestern Bell, Kerr-McGee, Phillips Petroleum, Bridgestone/Firestone, Anheuser Busch, Conoco, Boatman's Bank, American Airlines, Presbyterian Health Foundation, Koch Oil Co., C.R. Anthony, Henry Kravis, Ford Motor Co., Liberty National Bank, Chubb Insurance, ONEOK Employees Credit Union, the Lloyd Noble Center, Branson Cares Benefit, the Burlington County Times, the Xerox Corp., and countless others made significant donations for the relief effort.

I have also learned a lesson from the cooperation that unified all the workers into one efficient force. I was struck by the number of people successfully working simultaneously on many different tasks in order to accomplish the same goal. We have their coordinated effort to thank for the rescue of the survivors and the care of many grievers. Specifically, Amateur Radio provided an essential service to rescue operations. Within minutes of

the attack, operators were on the scene providing an emergency communication network that allowed for the organization of supplies as well as firemen, policemen, and rescue crews from countless communities. Their contribution of 360 hours of service was made possible by donations from electronics companies such as the Oklahoma Community Center.

Not only did companies contribute time and money, but charity organizations made it possible for every citizen to become involved. Scores of organizations set up relief funds or served as dropoff locations for donated items. The Salvation Army, Feed the Children, and the American Red Cross were vital in the distribution of foods and goods. Federal, state, and local officials, as well as citizens of all ages, aided in the effort. The Oklahoma National Guard contacted families while fifth grade students from Anadarko Mission School donated relief items. Others contributed to the relief network by setting up centers for counseling and pastoral care for victims' relatives. Members of the Oklahoma funeral directors aided in contacting, consoling, and making funeral arrangements for families. The First Christian Church, for example, arranged a group of 75 volunteer clergy members, psychologists, and social workers to ease the mourning. These measures significantly assisted rescue efforts and provided outlets for individual participation.

The toll of lives would have been even greater without the quick and coordinated response by emergency agencies, including the police, fire departments, and the paramedics of the Oklahoma Emergency Medical Services Authority supplied by American Medical Response of Oklahoma [OEMSA/AMR]. OEMSA/AMR had 24 medical personnel in seven ambulances rolling to the scene within 90 seconds of the explosion. Within 3 minutes they were treating the injured; within the first hour, 210 patients were transported to hospitals and within the first 90 minutes, a total of 517 injured persons were treated, transported or both. The people of EMSA/AMR mobilized 66 ambulances and other vehicles during the response and integrated 29 additional emergency vehicles into the Oklahoma City rescue operation.

Certainly the volunteers have been models of bravery. Our heartfelt thanks goes out to each fireman, policeman, and rescue worker who selflessly searched to locate survivors and recover the victims. Eleven Urban Search and Rescue Teams, including teams from Fairfax County and Montgomery County in the Washington area, were invaluable as they utilized their expert knowledge and training to conduct the rescue effort. Their courageous efforts in conditions that were extremely perilous, and at times shocking, are to be commended. Each time these individuals entered the building, they were risking their lives so that others might find some element of comfort, whether that be the discovery of a survivor or the recovery of a victim.

These valiant volunteers have also demonstrated their exemplary perseverance. They had faith when there was little tangible reason for hope. For instance, the Oklahoma Nurses Association continued to contribute countless hours at hospitals even after losing one of their own, Rebecca Anderson, who was fatally injured while aiding in the rescue effort at the Murrah Building. The rescue crews were not disheartened by the tedious process nor daunted by the rain. We appreciate their patience, as do the people whose lives they saved and assisted.

All these volunteers, from whom we have learned so much, are true heroes. In the face of tragedy, their compassion and effectiveness have offered solace to the State of Oklahoma and the Nation. Their heroism fills me with deep appreciation and admiration. We thank them and look up to them in ways that words cannot express.

## THE WESTERN AREA POWER ADMINISTRATION SHOULD NOT BE SOLD

Mr. DASCHLE. Mr. President, the tough part of the budget process is about to commence. Up until now, budget balancing has been all talk. Now comes the time for action.

For example, the Senate Energy and House Natural Resources Committees have now been presented a budget blueprint and must move to make the hard choices that meet their spending targets. Their job is to decide what to cut and what to keep.

There is no disagreement that we need to cut Government spending and eliminate the deficit. The real argument is over how to get there.

Are we going for quick fixes that make the numbers add up, but are blind to the underlying policy problems that cause the deficit?

Will we opt for a politically expedient formula that gets us to the bottom line now, and asks questions later?

Or are we going to consider carefully all the consequences of our options before making final decisions?

Mr. President, today, I would like to highlight one example that illustrates the dilemma we face, and demonstrates the need to look a little harder at some of the items on the chopping block.

Earlier this year, President Clinton recommended in his fiscal year 1996 budget that three Power Marketing Administrations be sold to private industry. He projected that this sale would save the Treasury over $4 billion.

A number of Senators representing States served by these PMA's—and whose constituents' electric rates would likely rise significantly if the sale goes through—protested this proposal vigorously. I am one of those Senators.

We have visited the President to make our case against the PMA sale. We have spoken on the Senate floor. And we have lobbied our colleagues on the Senate Budget Committee.

Nonetheless, the Senate and House Budget Committees, eager to cobble together a plan that balances the Federal budget within 7 years, endorsed the President's idea and incorporated it into the congressional budget resolution. Why? Because it made their daunting challenge $4 billion easier.

Where does that leave the opponents of the PMA firesale? It leaves us with the task of convincing the members of the Senate Energy Committee that the sale does not make sense, and that it does not save money.

My State of South Dakota is served by the Western Area Power Administration [WAPA], which is one of the three power marketing administrations the President and the Budget Committees want to sell. The budget resolution passed by Congress will ask most South Dakotans to pay higher electric rates in order to fund another tax break for the wealthiest Americans.

Meanwhile, the reality is that the sale of WAPA is a bookkeeping gimmick that helps make the numbers add up, but unnecessarily hurts working families. And it does nothing to address the underlying budget problem facing our country.

The sale of WAPA is bad economic policy. It is not fair to South Dakota. And, in the long run, it does not even save any money.

Let us look at the facts.

First, WAPA pays its own way. In South Dakota, it guarantees a dependable and affordable supply of electricity for nearly half the people of my State. It is on solid financial ground, covering its operating expenses every year and paying off the original construction expense, with interest.

If other Federal programs were as successful as WAPA, we would not have a deficit to deal with. The proposed sale simply would allow the Federal Government to collect the construction debt faster. But since that debt is now being paid back with interest, the sale will not result in any long-term financial benefit to the Government. Long-term revenue losses from the sale will offset any short-term revenue gains.

Second, WAPA is a promise made to the people of South Dakota. Our State made a deal with the Federal Government, and WAPA is the Government's end of the bargain.

The State of South Dakota sacrificed prime land to the construction of the mainstem dams along the Missouri River to provide critical flood control. Every year there is more erosion and more land lost. Affordable power is South Dakota's compensation for the loss of the land as well as the flood control it provides.

A deal is a deal, and selling WAPA to private industry, with the inevitable rate increases that would follow, would

mean the Federal Government is reneging on its commitment.

Mr. President, my colleagues and I have been making this case with anyone who will listen, and I am pleased that our arguments have not fallen entirely on deaf ears. The final version of the fiscal year 1996 congressional budget resolution concedes that selling WAPA is not necessary to meet deficit reduction objectives.

And our case keeps getting stronger. Since this scheme was first proposed, further evidence of its flaws have come to light.

First there is the issue of river management. This year, South Dakota experienced much more rain than normal, causing flooding throughout the State and resulting in record levels of water accumulating behind the dams on the Missouri River. These high water levels caused considerable property damage and threaten to cause additional damage as water is released from the dams. Managing the water levels and releases on the river is a monumentally difficult and complicated task, where often competing economic and environmental issues must be balanced to minimize damage to property and land, and to maximize national benefits. Selling WAPA would complicate this already contentious process by increasing pressure to generate electricity at the expense of other objectives, so that the new owners of the system could maximize their profits.

Second, it is my understanding that much of the thousands of miles of transmission lines that make up the WAPA system cross private lands. The rights-of-way held by the Federal Government for this purpose in many cases would revert to the private landowners if the WAPA system is sold into private ownership. Therefore, the sale could result in the need for the new owners to renegotiate many of the rights-of-way with private landowners, some off whom might be reluctant to do so.

This added complication could diminish the value of the system to potential buyers, leading to less revenue than the Federal Government expects.

And third, there is the problem of potential cherry-picking. The WAPA system is expansive, covering 14 States, and includes many different components. As these components are broken up for sale, what is to prevent some buyers from purchasing only the best and most profitable parts, leaving behind the older, less valuable parts, and thus preventing the Federal Government—and the taxpayers—from getting the full value from the system?

In conclusion, Mr. President, the sale of WAPA is a bad deal for its current customers, and it is a bad deal for the American taxpayers. Beyond that are some very real practical problems with the execution of the sale of WAPA. These issues alone should be enough to sink the deal.

No one will win if WAPA is sold, except perhaps a few select private interests who could exploit first the Federal Government, and later their customers to maximize profit.

Since I have been in Congress, I have seen a lot of proposals that did not make sense for South Dakota. Selling WAPA is one of the worst. I urge my colleagues to join with me in this battle and do the right thing by the energy consumers of South Dakota and other Western States, and the right thing for the taxpayers of the Nation.

## THE CHALLENGES OF THE 1995 FARM BILL

Mr. DASCHLE. Mr. President, the 1995 farm bill got off to a good start recently when the Senate Agriculture Committee drafted significant parts of the legislation, including the research, farm credit, rural development and trade sections. Taken as a whole, I am optimistic these first four provisions will benefit rural America by helping beginning farmers get started and putting renewed focus on the production of value-added agricultural products.

While progress was indeed made and such a good beginning is encouraging, I walked out of the committee room after voting feeling a bit like a farmer watching his fields in early spring. It is always nice when your crop gets off to a good start, but experience suggests we should not get overly confident until it has been harvested and sold at a fair price.

There is still a long and difficult path to travel before we can declare any sort of victory for the American farmer.

My highest priority in the coming months will be to tackle those parts of the farm bill that will have the most immediate impact on the income of family farms and ranches. I have talked to hundreds of producers across South Dakota in the last few months about the importance of this farm bill. They all tell me the same, very simple thing: ''Go back to Washington and write a farm bill that will allow us to get a fair price for the food we produce.''

They ask for nothing more—and nothing less.

I have been very pleased by the bipartisan nature in which we were able to work out the fine details of these first provisions, and hope this cooperation will continue as we take up the issues that are most important to farm and ranch families across South Dakota. Make no mistake—increasing net farm income will not come without a fight, but those of us in Congress who have been waiting for years to draft a farm bill that puts the farming family above the farming corporations are ready and eager for the debate.

To this point, the Senate Agriculture Committee has taken action on four sections of the farm bill:

The research provisions include my proposal to require that USDA allocate 40 percent of competitive research dollars to applied research that will have a tangible, positive impact on the daily lives of producers and the economic health of our rural communities. I also fought for a provision that requires USDA to include full-time farmers as members of their research advisory board. Many of the decisions made by the Secretary of Agriculture are based in part on the advice of this board. It simply does not make sense to have it packed with bureaucrats.

The farm credit provisions improve the guarantee program by increasing the protection afforded to banks if they lend to a beginning farmer or refinance the loan of an existing direct USDA borrower. Also, the direct loan program is reformed to increase its focus on beginning farmers and on those in need of only temporary assistance.

The trade title sets workable, concrete goals for trade expansion, increases the percentage of our exports that must be used for high-value and value-added products, and creates new procedures that will help enforce recently signed international trade agreements.

Finally, the rural development title in the committee-approved bill will give States the flexibility they need to pursue innovative projects to revitalize our small communities by allocating a portion of the funds for State-specific projects.

There are many reasons to be optimistic about the progress achieved to date. These first few provisions address important issues facing our future—beginning farmers, meaningful applied research, expanded trade and new markets. We now need to reenforce the point that if we do not do something about declining farm income in the present, there may not be a future.

We also need to remember that no one gets the prize for a good start. My sights are now set on continuing this initial momentum on through to the finish line. Our goal is a farm bill that will improve net farm income, simplify farm programs and bolster our rural economies. The stakes of this race are nothing less than the future of rural America.

## THE DIETARY GUIDELINES FOR AMERICANS

Mr. DASCHLE. Mr. President, last year Congress reauthorized and improved several important nutrition programs under the National School Lunch Act and the Child Nutrition Act. The legislation strengthened access to good nutrition for some of our Nation's most vulnerable children. I was pleased to be a cosponsor of the bill.

As part of that legislation, Congress directed the Department of Agriculture to bring schools into compliance with specified ''dietary guidelines'' by the 1996–97 school year rather than the 1998–99 school year, as originally stipulated by USDA. These guidelines establish a 30-percent limit on daily dietary fat, and a 10-percent limit on saturated fat.

Compliance with the dietary guidelines will have a real impact on the health of children who participate in the school meals program. It should be aggressively pursued. At the same time, however, I appreciate the effort it takes to implement such an extensive rule as well as the importance of providing schools sufficient time to comply with it. I realize that not all schools may be able to comply with the dietary guidelines by 1996.

In an effort to make the 1996–97 school year date achievable for compliance, Public Law 103–448 provides that schools may elect to use a food-based system of menu planning and preparation. It also offers an exemption from the requirement. Schools that encounter difficulty with the 1996 compliance date will be able to apply for a waiver from their own State departments of education. If compliance is truly problematic, the State may grant a 2-year extension.

Our objective is not to force compliance at any cost. Rather, it is to encourage aggressiveness on this initiative and make clear that Congress is serious about delivering healthy meals to our youth. Schools that have the ability to implement the dietary guidelines before 1998 should do so.

One organization that has been particularly closely involved in the development of these regulations is the American School Food Service Association [ASFSA]. ASFSA members are on the front lines of the effort to provide nutritious meals to school children.

On July 19, 1995, the ASFSA executive board passed a resolution that emphasizes the organization's commitment to encouraging and assisting schools in the implementation of the dietary guidelines and that underscores ASFSA's view of the importance of USDA providing maximum flexibility for local food authorities in meeting the guidelines. I commend ASFSA's commitment to promoting timely implementation of the dietary guidelines and support their call for flexibility, as long as that flexibility serves the objectives outlined above.

Mr. President, I ask unanimous consent that the ASFSA executive board resolution be printed in the RECORD at this point.

There being no objection, the resolution was ordered to be printed in the RECORD, AS FOLLOWS:

Whereas: the Dietary Guidelines for Americans represent a consensus of scientific thought on dietary advice for the general population, including children;

Whereas: diet has been identified as a risk factor for five of the ten leading causes of death in Americans, including coronary heart disease and some types of cancer;

Whereas: Healthy People 2000 established the implementation of the Dietary Guidelines for Americans in at least ninety percent (90%) of the schools by the year 2000 as a national goal;

Whereas: the American School For Food Service Association has supported the Dietary Guidelines for Americans since their inception in 1980;

Whereas: the Healthy Meals for Healthy Americans Act (P.L. 103–448) requires schools participating in the National School Lunch Program and School Breakfast Program to implement the Dietary Guidelines for Americans; and

Whereas: the Congress of the United States is considering legislation that would reduce the amount of federal financial support provided to school nutrition programs: Therefore be it

Resolved: That ASFSA shall make its best effort to encourage and assist schools to implement the Dietary Guidelines for Americans; and be it finally

Resolved: That the ASFSA shall seek from the U.S. Department of Agriculture the maximum flexibility on how local food authorities may achieve the Dietary Guidelines for Americans so as to minimize any cost impact associated with the implementation of the Dietary Guidelines for Americans.

## FRENCH NUCLEAR TESTING

Mr. KERRY. Mr. President, on Thursday, August 10, the distinguished Senator from Hawaii, Mr. AKAKA, offered an amendment—number 2406—to the fiscal year 1996 Defense appropriations bill expressing concern regarding France's decision to conduct further nuclear tests in the South Pacific, and strongly encouraging France to abide by the current international moratorium on nuclear testing and to refrain from proceeding with its announced testing intentions. As a cosponsor of the similar freestanding resolution the Senator from Hawaii had earlier introduced, it was my intention to speak in favor of the amendment. But in their energetic efforts to expedite Senate action on this legislation, the managers of the bill quickly indicated their approval of the amendment, and it was approved by a voice vote before I was able to speak.

Even though I cannot speak prior to the Senate's favorable action on this amendment, I nonetheless would like to provide my endorsement of this amendment and to explain my reasons for supporting it.

In May of this year the world took an important step toward stopping the spread of nuclear weapons and reducing the future threat from these weapons, when the Nuclear Non-Proliferation Treaty was indefinitely extended.

The next step will be negotiation and ratification of a Comprehensive Test Ban Treaty to finally and permanently end all nuclear testing. When we reach this goal, the world will breathe a collective sigh of relief as the era of nuclear explosions becomes part of history.

I hope and believe that we can complete such a treaty by the end of next year.

Unfortunately, the recent French decision to resume their nuclear testing program with eight explosions in the South Pacific flies in the face of the world's nonproliferation efforts. The French decision, coupled with the continued Chinese testing program, makes it extremely difficult to convince nonnuclear states of the sincerity of promises by the nuclear powers to end testing and reduce stockpiles.

The Chinese demonstrated the height of arrogance by detonating a nuclear explosion four days after the Non-Proliferation Treaty was indefinitely extended. Now the French have decided to abandon the self-imposed testing moratorium to which they, Russia, the United States, and Great Britain have adhered since 1992. This is a huge mistake.

The French argue that they need these eight tests to guarantee the safety and reliability of their deterrent forces. These are the same arguments always used to justify continued testing. The idea that without testing reliability will decrease enough to affect deterrence is absolutely absurd.

Warhead designs for the nuclear powers are proven and reliable and no nation would dare to test that reliability in a way that would risk nuclear retaliation. Deterrence will not be undermined by the absence of testing.

If this argument had merit we would not need to worry about North Korea, Pakistan, or India possessing nuclear weapons because they have never had a test program. Obviously the horror of nuclear weapons and the fear of their use is enough deterrence. It is not necessary to constantly test in order to engender that fear.

The question of safety is an important one but relying on this rationale means a nuclear state can never stop testing. There will always be some level of uncertainty, some new safety measure or some new technology that the weapons builders would like to incorporate.

In reality the current level of stockpile safety is adequate even though the United States, Great Britain, France, and Russia have refrained from testing since 1992. If continued safety requires computer simulation, then we should complete the development of such programs.

But the 2,000 tests conducted by the five nuclear powers, including more than 200 by the French, provide a more than adequate empirical data base to move this technology forward. If the French need additional data, as they claim, or other assistance in developing their own stockpile stewardship program, then the United States should offer that assistance.

This is no excuse for continuing nuclear testing.

It is all too easy to rationalize additional tests or different types of tests, such as the hydronuclear tests proposed by some here in the United States, as necessary for reliability or safety. In doing this we focus to narrowly on technical questions and miss the larger point that as long as the nuclear powers insist on continuing their programs the nuclear specter will hang over the world, and other nations will feel compelled to pursue development of their own weapons.

It is disingenuous for the nuclear powers to say to the rest of the world

that after more than 2,000 tests over 40 years, we are finally going to negotiate a comprehensive test ban and then immediately begin more tests.

The real threat facing the world is not the lack of safety and reliability of nuclear stockpiles, it is the threat of the continued spread of nuclear weapons.

The French decision is a mistake for other reasons as well. The eight proposed tests will take place in the colony of French Polynesia far from the French homeland and without any regard for the feelings of the residents or the neighboring states. Australia, New Zealand, and nations all around Pacific Rim have condemned the decision.

Earlier this month, 2 days before the 50th anniversary of the bombing of Hiroshima, the Japanese Diet joined other Pacific nations in calling for France to stop the testing.

Studies repeatedly have detected contamination from the test site despite French claims to the contrary. Radioactive iodine, cesium 134, and plutonium all have leaked from the lagoon at the test site.

By ignoring the concerns of the natives and neighbors, France invokes the memory of the worst of the colonial period. The people of this region do not want their backyard used as nuclear test bed and waste dump.

The amendment offered by the distinguished Senator from Hawaii reflects the concerns of the citizens of his State, but also reflects the concerns of many others. I supported his amendment, and am pleased the Senate acted to add it to the Defense appropriations bill.

## MESSAGES FROM THE PRESIDENT

Messages from the President were communicated to the Senate by Mr. Thomas, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President submitting a nomination which was referred to the Committee on Labor and Human Resources.

(The nomination received today is printed at the end of the Senate proceedings.)

## REPORT OF THE DISAPPROVAL OF THE BOSNIA AND HERZEGOVINA SELF-DEFENSE ACT OF 1995—MESSAGE FROM THE PRESIDENT—PM 76

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States; which was ordered to lie on the table:

*To the Senate of the United States:*

I am returning herewith without my approval S. 21, the ''Bosnia and Herzegovina Self-Defense Act of 1995.'' I share the Congress' frustration with the situation in Bosnia and am also appalled by the human suffering that is occurring there. I am keenly aware that Members of Congress are deeply torn about what should be done to try to bring this terrible conflict to an end. My Administration will continue to do its utmost with our allies to guide developments toward a comprehensive political settlement acceptable to all the parties. S. 21, however, would hinder rather than support those efforts. It would, quite simply, undermine the chances for peace in Bosnia, lead to a wider war, and undercut the authority of the United Nations (U.N.) Security Council to impose effective measures to deal with threats to the peace. It would also attempt to regulate by statute matters for which the President is responsible under the Constitution.

S. 21 is designed to lead to the unilateral lifting by the United States of the international arms embargo imposed on the Government of Bosnia and Herzegovina. Although the United States has supported the lifting of the embargo by action of the U.N. Security Council, I nonetheless am firmly convinced that a unilateral lifting of the embargo would be a serious mistake. It would undermine renewed efforts to achieve a negotiated settlement in Bosnia and could lead to an escalation of the conflict there, including the almost certain Americanization of the conflict.

The allies of the United States in the U.N. Protection Force for Bosnia (UNPROFOR) have made it clear that a unilateral lifting of the arms embargo by the United States would result in their rapid withdrawal from UNPROFOR, leading to its collapse. The United States, as the leader of NATO, would have an obligation under these circumstances to assist in that withdrawal, thereby putting thousands of U.S. troops at risk. At the least, such unilateral action by the United States would drive our allies out of Bosnia and involve the United States more deeply, while making the conflict much more dangerous.

The consequences of UNPROFOR's departure because of a unilateral lifting of the arms embargo must be faced squarely. First, the United States would immediately be part of a costly NATO operation to withdraw UNPROFOR. Second, after that operation is complete, the fighting in Bosnia would intensify. It is unlikely the Bosnian Serbs would stand by waiting while the Bosnian government received new arms and training. Third, under assault, the Bosnian government would look to the United States to provide arms and air support, and, if that failed, more active military support. Unilateral lift of the embargo would lead to unilateral American responsibility. Fourth, intensified fighting would risk a wider conflict in the Balkans with far-reaching implications for regional peace. UNPROFOR's withdrawal would set back fresh prospects for a peaceful, negotiated solution for the foreseeable future. Finally, unilateral U.S. action under these circumstances would create serious divisions between the United States and its key allies, with potential long-lasting damage to these important relationships and to NATO.

S. 21 would undermine the progress we have made with our allies and the United Nations in recent weeks to strengthen the protection of the safe areas in Bosnia and improve the provision of humanitarian assistance. NATO has agreed to the substantial and decisive use of air power to protect Gorazde, Sarajevo, and the other safe areas. The U.N. Secretary General has delegated his authority to the military commanders on the ground to approve the use of air power. The British and French, with our support, are deploying a Rapid Reaction Force to help open land routes to Sarajevo for convoys carrying vital supplies, strengthening UNPROFOR's ability to carry out its mission. These measures will help provide a prompt and effective response to Serb attacks on the safe areas. This new protection would disappear if UNPROFOR withdraws in response to the unilateral lifting of the embargo.

Events over the past several weeks have also created some new opportunities to seek a negotiated peace. We are actively engaged in discussions with our allies and others on these prospects. Unilaterally lifting the arms embargo now would jeopardize these ongoing efforts.

Unilaterally disregarding the U.N. Security Council's decision to impose an arms embargo throughout the former Yugoslavia also would have a detrimental effect on the ability of the Security Council to act effectively in crisis situations, such as the trade and weapons embargoes against Iraq or Serbia. If we decide for ourselves to violate the arms embargo, other states would cite our action as a pretext to ignore other Security Council decisions when it suits their interests.

S. 21 also would direct that the executive branch take specific actions in the Security Council and, if unsuccessful there, in the General Assembly. There is no justification for bringing the issue before the General Assembly, which has no authority to reconsider and reverse decisions of the Security Council, and it could be highly damaging to vital U.S. interests to imply otherwise. If the General Assembly could exercise such binding authority without the protection of the veto right held in the Security Council, any number of issues could be resolved against the interests of the United States and our allies.

Finally, the requirements of S. 21 would impermissibly intrude on the core constitutional responsibilities of the President for the conduct of foreign affairs, and would compromise the ability of the President to protect vital

U.S. national security interests abroad. It purports, unconstitutionally, to instruct the President on the content and timing of U.S. diplomatic positions before international bodies, in derogation of the President's exclusive constitutional authority to control such foreign policy matters. It also attempts to require the President to approve the export of arms to a foreign country where a conflict is in progress, even though this may well draw the United States more deeply into that conflict. These encroachments on the President's constitutional power over, and responsibility for, the conduct of foreign affairs, are unacceptable.

Accordingly, I am disapproving S. 21 and returning it to the Senate.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 11, 1995*.

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. STEVENS (for himself and Mr. FRIST):

S. 1181. A bill to provide cost savings in the medicare program through cost-effective coverage of positron emission tomography (PET); to the Committee on Finance.

By Mr. LEVIN:

S. 1182. A bill entitled the ''Burt Lake Band of Ottawa and Chippewa Indians Act of 1995''; to the Committee on Indian Affairs.

By Mr. HATFIELD (for himself, Mr. PACKWOOD, Mr. D'AMATO, Mr. CAMPBELL, Mr. SPECTER, Mr. SANTORUM, and Mr. STEVENS):

S. 1183. A bill to amend the Act of March 3, 1931 (known as the Davis-Bacon Act), to revise the standards for coverage under the Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. ASHCROFT:

S. 1184. A bill to provide for the designation of distressed areas within qualifying cities as regulatory relief zones and for the selective waiver of Federal regulations within such zones, and for other purposes; to the Committee on Governmental Affairs.

By Mr. PRESSLER:

S. 1185. A bill to authorize the Secretary of the Interior to enter into an agreement with the State of South Dakota providing for maintenance, operation, and administration by the State, on a trial basis during a period not to exceed 10 years, of 3 National Park System units in the State, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BURNS:

S. 1186. A bill to provide for the transfer of operation and maintenance of the Flathead Irrigation and Power Project; and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. MURKOWSKI:

S. 1187. A bill to convey certain real property located in Tongass National Forest to Daniel J. Gross, Sr., and Douglas K. Gross, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. SANTORUM (for himself, Mr. LUGAR, and Mr. BROWN):

S. 1188. A bill to provide marketing quotas and a price support program for the 1996 through 1999 crops of quota and additional peanuts, to terminate marketing quotas for the 2000 and subsequent crops of peanuts, and to provide a price support program for the 2000 through 2002 crops of peanuts, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DEWINE (for himself and Mr. GRAHAM):

S. 1189. A bill to provide procedures for claims for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products; to the Committee on the Judiciary.

By Mr. DEWINE (for himself and Mr. GLENN):

S. 1190. A bill to establish the Ohio & Erie Canal National Heritage Corridor in the State of Ohio, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. PRYOR:

S. 1191. A bill to provide for the availability of certain generic human and animal drugs, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. KERRY (for himself, Mr. PELL, and Mr. INOUYE):

S. 1192. A bill to promote marine aquaculture research and development and the development of an environmentally sound marine aquaculture industry; to the Committee on Commerce, Science, and Transportation.

By Mr. HARKIN:

S. 1193. A bill to reduce waste and abuse in the Medicare program; to the Committee on Finance.

By Mr. AKAKA (for himself and Mr. LOTT):

S. 1194. A bill to amend the Mining and Mineral Policy Act of 1970 to promote the research, identification, assessment, and exploration of marine mineral resources, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. DOMENICI:

S. 1195. A bill to provide for the transfer of certain Department of the Interior land located in Grant County, New Mexico, to St. Vincent DePaul Parish in Silver City, New Mexico, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. CRAIG:

S. 1196. A bill to transfer certain National Forest System lands adjacent to the Townsite of Cuprum, Idaho; to the Committee on Energy and Natural Resources.

By Mr. MACK (for himself, Mr. FRIST, Mr. D'AMATO, Mr. SHELBY, Mr. ABRAHAM, Mr. SANTORUM, Mr. DEWINE, and Mr. FAIRCLOTH):

S. 1197. A bill to amend the Federal Food, Drug, and Cosmetic Act to facilitate the dissemination to physicians of scientific information about prescription drug therapies and devices, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. COATS (for himself and Mr. GREGG):

S. 1198. A bill to amend the Federal Credit Reform Act to improve the budget accuracy of accounting for Federal costs associated with student loans, to phase-out the Federal Direct Student Loan Program, to make improvements in the Federal Family Education Loan Program, and for other purposes; to the Committee on Labor and Human Resources.

By Mrs. BOXER (for herself and Mrs. FEINSTEIN):

S. 1199. A bill to amend the Internal Revenue Code of 1986 to permit tax-exempt financing of certain transportation facilities; to the Committee on Finance.

By Ms. SNOWE (for herself and Ms. MIKULSKI):

S. 1200. A bill to establish and implement efforts to eliminate restrictions on the enclaved people of Cyprus; to the Committee on Foreign Relations.

## SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mrs. BOXER:

S. Res. 163. A resolution to require the Select Committee on Ethics of the Senate to hold hearings in any case involving a Senator in which the committee determines that there is substantial credible evidence which provides substantial cause to conclude that a violation within the jurisdiction of the Select Committee has occurred; to the Select Committee on Ethics.

By Mr. DOLE (for himself and Mr. DASCHLE):

S. Res. 164. A resolution expressing the sense of the Senate that America's World War II veterans and their families are deserving of this nation's respect and appreciation on the 50th anniversary of the end of the war in the Pacific; considered and agreed to.

By Mr. PACKWOOD (for himself and Mr. MOYNIHAN):

S. Res. 165. A resolution commending the 60th anniversary of the Social Security Act; considered and agreed to.

By Mr. DOLE (for himself, Mr. LIEBERMAN, and Mr. HELMS):

S. Res. 166. A resolution expressing support for cooperation between the Governments of Croatia and Bosnia and Herzegovina; to the Committee on Foreign Relations.

By Ms. SNOWE (for herself, Ms. MOSELEY-BRAUN, Mr. D'AMATO, and Mr. SARBANES):

S. Con. Res. 25. A concurrent resolution concerning the protection and continued viability of the Eastern Orthodox Ecumenical Patriarchate; to the Committee on Foreign Relations.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENS (for himself and Mr. FRIST):

S. 1181. A bill to provide cost savings in the Medicare Program through cost-effective coverage of positron emission tomography [PET]; to the Committee on Finance.

THE MEDICARE PET COVERAGE ACT OF 1995

Mr. STEVENS. Mr. President, in our quest for a balanced budget, it is incumbent on Congress to mobilize every weapon at it disposal.

This is particularly true in Federal health care programs, which are targeted by the budget resolution for the lion's share of spending reductions.

Accordingly I am introducing today for myself and Senator FRIST the Medicare PET Coverage Act of 1995.

Regrettably this is one major cost reduction option that we are ignoring. This is the utilization of positron emission tomography [PET] to reduce the Nation's health care costs by avoiding unnecessary surgery.

Positron emission tomography [PET] is the latest advance in diagnosing diseases such as breast cancer, colon cancer, lung cancer, brain cancer, heart disease, and epilepsy.

Today, PET is emerging from its 20 year research and clinical research phase to widespread clinical use. With respect to Medicare alone, this would provide a net savings of approximately $1 billion a year.

PET technology is the only diagnostic technology that is able noninvasively to measure metabolic activity in living tissue. Identifying tumors is one example of its diagnostic value.

PET is able to diagnose the extent and severity of malignant tumors more accurately than existing clinical diagnostic techniques. Comparable improved diagnostic accuracy is also available for heart disease, epilepsy, and other neurological disorders.

PET's diagnostic accuracy translates into hundreds of thousands of fewer cases of surgery annually for cancer, heart disease, and other illnesses.

Recent peer research has identified over $5.3 billion in annual net savings to the Nation's total health care budget if PET is used clinically.

Critical to these cost savings are the hundreds of thousands of procedures that PET renders unnecessary every year.

Peer review scientific literature has identified that for lung cancer alone, over 91,000 CT scans, 10,000 surgeries, and 17,000 biopsies would be avoided each year.

For breast cancer almost 74,000 women per year would be spared the morbidity and cost associated with axillary lymph node dissection.

Similar cost and morbidity savings are available for other diseases.

These savings could start today.

PET has been performed clinically under appropriate State regulation. One million PET studies have been performed with no known negative reactions.

Patients have avoided unneeded surgery because of PET.

However, there will be no societal payback and no benefit to the average American from the use of PET under HCFA's current policy.

Despite the fact that CHAMPUS and private insurers like Blue Cross/Blue Shield currently reimburse for this safe, cost-effective procedure, Medicare and Medicaid do not.

HCFA effectively shelved any decision on reimbursement while the FDA decides whether and how to regulate PET compounds—something the States are already doing.

For over 7 years, the developers of PET have complied with HCFA and FDA procedures and requests only to have the rules changed and inquiries about progress met with minimal responses.

While there has been some recent movement on the part of the FDA, the fact remains that we have no consistent regulatory scheme that applies industrywide and to all applications.

It is time to move PET out of this needless bureaucratic quagmire.

New, proven medical procedures should not be held back by regulatory inertia.

This bill does not mandate the use of PET, but rather allow health care professionals to evaluate its usefulness. Easing the regulatory logjam has farreaching effects on reimbursement by private health plans and availability in the United States generally.

Because PET is safe and is both diagnostically effective and cost effective and because the policies of the FDA and HCFA have prohibited the delivery of PET to the general public, congressional action is necessary.

I am pleased to have the Senate's only surgeon join me in introducing this bill.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1181

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This act may be cited as the ''Medicare PET Coverage Act of 1995''.

**SEC. 2. CLARIFICATION OF MEDICARE COVERAGE OF, AND PAYMENT FOR, ITEMS AND SERVICES ASSOCIATED WITH POSITRON EMISSION TOMOGRAPHY (PET)**

(a) IN GENERAL.—Nothing in title XVIII of the Social Security Act, or any other provision of law, regulation, policy, or interpretative statement, shall be construed to prohibit under parts A and B of such title coverage of, and payment for, items and services associated with the use of positron emission tomography (PET) for a covered medical indication (as defined in subsection (b)(1) where the use meets the following conditions:

(1) The PET is used as a substitute for other diagnostic procedures or to assist a physician in assessing whether exploratory surgery, surgical treatment, radiation, transplant, or any other diagnostic or therapeutic procedure is medically necessary.

The PET is performed at a facility that is licensed under (or otherwise operating in compliance with) State law.

(b) COVERED MEDICAL INDICATION DEFINED.—

(1) IN GENERAL.—For purposes of subsection (a), the term ''covered medical indication'' means—

(A) any medical indication described in paragraph (2), or

(B) any other medical indication where the carrier involved (or the Secretary of Health and Human Services) estimates that it will be less costly to the medicare program under such title (on average) to use the protocol using PET for the indication than to use any alternative protocol which has similar diagnostic accuracy and therapeutic outcome for that indication.

(2) SPECIFIC MEDICAL INDICATIONS COVERED.—The following are the medical indications described in this paragraph:

(A) Localization of epileptogenic focus in patients with complex partial seizure disorders.

(B) Differentiation of recurrent brain tumors from radiation necrosis in patients who have previously received radiation therapy treatment.

(C) Detection and assessment of tumors associated with breast cancer, lung cancer, or colorectal cancer.

(D) Determination of cardiac perfusion and viability in patients with left-ventricular dysfunction or cardiomyopathy.

(c) DEFINITIONS.—In this section:

(1) The terms ''position emission tomography'' and ''PET'' mean a diagnostic imaging technology used, in a manner generally accepted by the medical community and recognized in the medical literature, to measure biochemical and physiologic function in the human body.

(2) The term ''protocol'' means, with respect to a specific medical indication, a set of diagnostic procedures and resulting therapeutic procedures used in diagnosing and treating the indication.

(d) EFFECTIVE DATE.—This section shall apply to PET used on or after 30 days after the date of enactment of this Act, without regard to whether or not regulations to carry out this section have been promulgated by such date.

(e) REVISION OF NATIONAL COVERAGE DETERMINATION.—The Secretary of Health and Human Services shall revise the medicare national coverage decision relating to coverage of PET to be consistent with this section. Nothing in this section shall be construed as preventing the Secretary from expanding such coverage decision beyond the coverage required under this section.

---

By Mr. LEVIN:

S. 1182. A bill entitled the ''Burt Lake Band of Ottawa and Chippewa Indians Act of 1995''; to the Committee on Indian Affairs.

THE BURT LAKE BAND OF OTTAWA AND CHIPPEWA INDIANS ACT OF 1995

• Mr. LEVIN. Mr. President, I introduce a bill to reaffirm the Federal recognition of the Burt Lake Band of Ottawa and Chippewa Indians. This legislation will reestablish the government-to-government relations of the United States and the Burt Lake Band. This bill is similar to legislation introduced last Congress by my friend, Senator RIEGLE. I cosponsored the legislation last year and I am honored to introduce it to the 104th Congress.

Federal recognition is vitally important for a variety of reasons. With this process completed the band can move on to the tasks of improving the economic and social welfare of its people. More importantly however, passage of this legislation will clarify that in the eyes of everyone, the Burt Lake Band is an historically independent tribe.

The band is named after Burt Lake, a small inland lake about 20 miles south of the Straits of Mackinac. The band already had deep roots in the area when a surveyor named Burt inspected the area in 1840. During the 1800's, the Burt Lake Band was a signatory to several Federal treaties, including the 1836 Treaty of Washington and the 1855 Treaty of Detroit. These treaties were enacted for the purpose of securing territory for settlement and development.

During the mid-1800's, the Federal Government turned over to the State of Michigan annuity moneys on the band's behalf in order to purchase land. This land was later lost by the band through tax sales, although trust land is nontaxable, and the band was evicted from their village. In 1911, the Federal Government brought a claim on behalf of Burt Lake against the State of Michigan. The autonomous existence of the band at this stage is clear.

Although the band has never had its Federal status legally terminated, the Bureau of Indian Affairs since the

1930's has not accorded the band that status nor treated the band as a federally recognized tribe. The Burt Lake Band, as well as the other tribes located in Michigan's lower peninsula were improperly denied the right to reorganize under the terms of the Indian Reorganization Act of 1934 even though they were deemed eligible to do so by the Indian Service at that time.

I am aware that a bipartisan group of my colleagues in the House of Representatives have sponsored a similar piece of legislation. I look forward to the consideration of this legislation by the respective committees in both the Senate and the House and its enactment into law. I also ask unanimous consent that a copy of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1182

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Burt Lake Band of Ottawa and Chippewa Indians Act of 1995''.

**SEC. 2. FINDINGS.**

The Congress finds that—

(1) the Burt Lake Band of Ottawa and Chippewa Indians are descendants and political successors to the Indians that signed the treaty between the United States and the Ottawa and Chippewa nations of Indians at Washington, D.C. on March 28, 1836, and the treaty between the United States and the Ottawa and Chippewa Indians of Michigan at Detroit on July 31, 1855;

(2) the Grand Traverse Band of Ottawa and Chippewa Indians, the Sault Ste. Marie Tribe of Chippewa Indians, and the Bay Mills Band of Chippewa Indians, whose members are also descendants of the Indians that signed the treaties referred to in paragraph (1), have been recognized by the Federal Government as distinct Indian tribes;

(3) the Burt Lake Band of Ottawa and Chippewa Indians consists of over 600 eligible members who continue to reside close to their ancestral homeland as recognized in the reservations of lands under the treaties referred to in paragraph (1) in the area that is currently known as Cheboygan County, Michigan;

(4) the Band continues to exist and carry out political and social activities with a viable tribal government;

(5) the Band, along with other Michigan Odawa and Ottawa groups, including the tribes described in paragraph (2), formed the Northern Michigan Ottawa Association in 1948;

(6) the Northern Michigan Ottawa Association subsequently submitted a successful land claim with the Indian Claims Commission;

(7) during the period between 1948 and 1975, the Band carried out many governmental functions through the Northern Michigan Ottawa Association, and at the same time retained control over local decisions;

(8) in 1975, the Northern Michigan Ottawa Association submitted a petition under the Act of June 18, 1934 (commonly referred to as the ''Indian Reorganization Act'') (48 Stat. 984 et seq., chapter 576; 25 U.S.C. 461 et seq.), to form a government on behalf of the Band;

(9) in spite of the eligibility of the Band to form a government under the Act of June 18, 1934, the Bureau of Indian Affairs failed to act on the petition referred to in paragraph (8); and

(10) from 1836 to the date of enactment of this Act, the Federal Government, the government of the State of Michigan, and political subdivisions of the State have had continuous dealings with the recognized political leaders of the Band.

**SEC. 3. DEFINITIONS.**

For purposes of this Act, the following definitions shall apply:

(1) BAND.—The term ''Band'' means the Burt Lake Band of Ottawa and Chippewa Indians.

(2) MEMBER.—The term ''member'' means any individual enrolled in the Band pursuant to section 7.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

**SEC. 4. FEDERAL RECOGNITION.**

(a) FEDERAL RECOGNITION.—Congress hereby reaffirms the Federal recognition of the Burt Lake Band of Ottawa and Chippewa Indians.

(b) APPLICABILITY OF FEDERAL LAWS.—Notwithstanding any other provision of law, each provision of Federal law (including any regulation) of general application to Indians or Indian nations, tribes, or bands, including the Act of June 18, 1934 (commonly referred to as the ''Indian Reorganization Act'') (48 Stat. 984 et seq., chapter 576; 25 U.S.C. 461 et seq.), that is inconsistent with any specific provision of this Act shall not apply to the Band or any of its members.

(c) FEDERAL SERVICES AND BENEFITS.—

(1) IN GENERAL.—The Band and its members shall be eligible for all services and benefits provided by the Federal Government to Indians because of their status as federally recognized Indians. Notwithstanding any other provision of law, those services and benefits shall be provided after the date of the enactment of this Act to the Band and its members without regard to—

(A) whether or not there is an Indian reservation for the Band; or

(B) whether or not a member resides on or near an Indian reservation.

(2) SERVICE AREAS.—

(A) IN GENERAL.—For purposes of the delivery of Federal services to the enrolled members of the Band, the area of the State of Michigan within a 70-mile radius of the boundaries of the reservation for the Burt Lake Band, as set forth in the seventh paragraph of Article I of the treaty between the United States and the Ottawa and Chippewa Indians of Michigan (done at Detroit on July 31, 1855) shall be deemed to be within or near an Indian reservation.

(B) EFFECT OF ESTABLISHMENT OF AN INDIAN RESERVATION AFTER THE DATE OF ENACTMENT OF THIS ACT.—If an Indian reservation is established for the Band after the date of enactment of this Act, subparagraph (A) shall continue to apply on and after the date of the establishment of that reservation.

(C) PROVISION OF SERVICES AND BENEFITS OUTSIDE THE SERVICE AREA.—Unless prohibited by Federal law, the services and benefits referred to in paragraph (1) may be provided to members outside the service area described in subparagraph (A).

**SEC. 5. REAFFIRMATION OF RIGHTS.**

(a) IN GENERAL.—To the extent consistent with the reaffirmation of the recognition of the Band under section 4(a), all rights and privileges of the Band and its members, which may have been abrogated or diminished before the date of the enactment of this Act, are hereby reaffirmed.

(b) EXISTING RIGHTS OF TRIBE.—Nothing in this Act may be construed to diminish any right or privilege of the Band or its members that existed before the date of the enactment of this Act. Except as otherwise specifically provided, nothing in this Act may be construed as altering or affecting any legal or equitable claim the Band may have to enforce any right or privilege reserved by or granted to the Band that was wrongfully denied to the Band or taken from the Band before the date of enactment of this Act.

**SEC. 6. TRIBAL LANDS.**

The tribal lands of the Band shall consist of all real property held by, or in trust for, the Band. The Secretary shall acquire real property for the Band. Any property acquired by the Secretary pursuant to this section shall be held in trust by the United States for the benefit of the Band and shall become part of the reservation of the Band.

**SEC. 7. MEMBERSHIP.**

(a) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Band shall submit to the Secretary a membership roll consisting of all individuals currently enrolled for membership in the Band at the time of the submission of the membership roll.

(b) QUALIFICATIONS.—The Band shall, in consultation with the Secretary, determine, pursuant to applicable laws (including ordinances) of the Band, the qualifications for including an individual on the membership roll.

(c) PUBLICATION OF NOTICE.—The Secretary shall publish notice of receipt of the membership roll in the Federal Register as soon as practicable after receiving the membership roll pursuant to subsection (a).

(d) MAINTENANCE OF ROLL.—The Band shall maintain the membership roll of the Band prepared pursuant to this section in such manner as to ensure that the membership roll is current.

**SEC. 8. CONSTITUTION AND GOVERNING BODY.**

(a) CONSTITUTION.—

(1) ADOPTION.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall conduct, by secret ballot, elections for the purpose of adopting a new constitution for the Band. The elections shall be held according to the procedures applicable to elections under section 16 of the Act of June 18, 1934 (commonly referred to as the ''Indian Reorganization Act'') (48 Stat. 987, chapter 576; 25 U.S.C. 476).

(2) INTERIM GOVERNING DOCUMENTS.—Until such time as a new constitution is adopted under paragraph (1), the governing documents in effect on the date of the enactment of this Act shall be the interim governing documents for the Band.

(b) OFFICIALS.—

(1) ELECTIONS.—Not later than 180 days after the Band adopts a constitution and bylaws pursuant to subsection (a), the Band shall conduct elections by secret ballot for the purpose of electing officials for the Band as provided in the governing constitution of the Band. The elections shall be conducted according to the procedures described in the governing constitution and bylaws of the Band.

(2) INTERIM GOVERNMENTS.—Until such time as the Band elects new officials pursuant to paragraph (1), the governing bodies of the Band shall include each governing body of the Band in effect on the date of the enactment of this Act, or any succeeding governing body selected under the election procedures specified in the applicable interim governing documents of the Band.●

---

By Mr. HATFIELD (for himself, Mr. PACKWOOD, Mr. D'AMATO, Mr. CAMPBELL, Mr. SPECTER, and Mr. SANTORUM):

S. 1183. A bill to amend the act of March 3, 1931 (known as the Davis-Bacon Act), to revise the standards for

coverage under the act, and for other purposes; to the Committee on Labor and Human Resources.

THE DAVIS-BACON ACT REFORM AMENDMENTS OF 1995

Mr. HATFIELD. Mr. President, for 64 years we have been working under the provisions of the Davis-Bacon Act, and that has become a highly controversial issue. Many times this Senate has attempted to repeal the Davis-Bacon Act.

A few years ago, the State of Oregon reached a compromise through a coalition of contractors, particularly in the trade unions, and for the last 6 months a similar coalition has been meeting in my office trying to come up with a reform of Davis-Bacon that would be acceptable to the two major parties, namely the building construction trade unions and the contractors' coalition.

This morning I am pleased to say that this has been completed, and I am introducing this bill, which I now send to the desk and ask for its printing, cosponsored by Senators PACKWOOD, D'AMATO, CAMPBELL, SPECTER, and SANTORUM. I invite my colleagues to join in cosponsoring it.

Mr. President, the Davis-Bacon Act was passed 64 years ago to prevent federally funded construction projects from undermining the wages and working conditions of locally employed laborers and mechanics. At the time, lawmakers saw that large Government projects elicited destructive competition between the contractors who would use the local labor pool and those who could rely on remote, but cheaper, sources of labor. Congressman Bacon, for whom the act is named, introduced the legislation when builders in his New York district were underbid for a veterans' hospital project by southern contractors who brought in cheap southern labor. Congress, intent on sustaining a construction industry already ravaged by the economic instability of the Great Depression, reasoned that the destructive practices of the southern contractors would be best resolved by requiring that federally contracted labor be paid the locally prevailing wage, thereby halting the tendency of Government contractors to drive down workers' wages in order to win lucrative projects.

In the years after the Depression, many States have enacted analogous prevailing wage standards, dubbed little Davis-Bacon laws. As Governor of Oregon, I signed that State's little Davis-Bacon Act, S.185, into law on May 26, 1959. I have supported the intelligent use of the prevailing wage standard in Government contracts ever since. Other Members of this body have made numerous attempts to repeal the Davis-Bacon Act—despite its commendable purpose of preserving the middle-class livelihoods of American construction workers, but the proven necessity for the law has thus far prevailed.

Mr. President, the Davis-Bacon Act, as it now stands, indeed deserves some of the criticism that my distinguished associates level against it. Nevertheless, its purpose of protecting the jobs of our Nation's construction workers must persuade us to reform, rather than repeal, the act. A half year ago, an idea was spawned in Oregon, a compromise if you will, among the contractors and laborers at the local level to reform their relationship. This concept of Davis-Bacon reform between workers and laborers was brought to Washington, DC, where the idea advanced to the national level of contractors and laborers. I dare say that I was astounded by the conferees, longtime adversaries attended the negotiations, intent on brokering a Davis-Bacon reform package. I am today introducing the product of those long and arduous negotiations, a reform package to revise and update the Davis-Bacon Act of 1931. Last year, a compromise among Oregon legislators, contractors, and labor unions resulted in a reform bill very similar to this one. I am confident that reform of the Davis-Bacon Act can be successfully implemented at the Federal level, because it has already been so in my home State of Oregon.

Currently, the act requires that federally funded construction contracts exceeding $2,000 in value trigger application of the prevailing wage and conditions standard. The prevailing wage, as my colleagues know, is determined county-by-county by the Labor Department, which uses the highest wage earned by at least half of the local workers in the craft. The act, as it is now implemented, also requires that workers, regardless of their training, be paid at least the prevailing wage for the craft at which they are working. Further, the companion to the Davis-Bacon Act, the Copeland Act of 1934, mandates that government contractors submit detailed wage and benefit schedules at weekly intervals.

Critics of the Davis-Bacon Act rightly argue that the law impedes rather than facilitates fair wages and balanced competition. The low threshold value of contracts and the weekly reporting requirement hinder small, local, and minority-owned contractors in their competition with larger, often out-of-State contractors. Moreover, the application of the prevailing wage standard, since it does not calculate prevailing wages by level of experience, makes apprentices and other employees who require on-the-job training unrealistically expensive.

My bill offers several reforms that would resolve many or all of the difficulties of these acts that advocates of repeal find objectionable. There are three principal amendments to the existing statutes that would permit the Department of Labor to pursue the goals of the Davis-Bacon Act without the problems so often cited by critics. First, the threshold at which the act becomes applicable to Federal projects would be raised from $2,000 to $100,000. Second, the frequency with which contractors are required to file wage and benefit schedules would be changed from weekly to monthly. Third, trainees and apprentices would be excluded from the prevailing wage standard if they are enrolled in a training program that is registered with the Department of Labor.

Mr. President, critics who seek to repeal entirely rather than improve the Davis-Bacon Act contend that the act's problems are beyond repair and that this body must allow competition to devastate the middle class livelihoods of America's construction workers. They argue that the Davis-Bacon Act is obsolete, tremendously costly, and impractical, regardless of whatever changes might be made to it. I disagree, and feel that the costs of the Davis-Bacon Act are grossly overestimated, whereas the benefits that we would jeopardize with its repeal have been dangerously neglected.

The advocates of repealing the Davis-Bacon Act have not adequately demonstrated that enforcing the prevailing wage standard in federally funded contracts is, all things considered, untenably expensive. I feel that the act is relatively cost-effective now and will be all the more so with the changes I propose today. Critics of the Davis-Bacon Act frequently cite a CBO estimate of the savings that the Federal Government would enjoy if the act were repealed, but this estimate fails to consider the hidden costs of repeal. Although the Government might save money directly through lower construction wages, lost wages are likely to push an even greater number of formerly productive construction workers onto the rosters of the unemployed seeking Government assistance. Tax revenues, too, would decline, since the average construction worker would lose nearly $1,500 in annual income after the repeal of the Davis-Bacon Act.

Moreover, the evidence that the Government would save a substantial sum of money from cutting the wages paid to workers on Federal projects is dubious. Contractors' experiences repeatedly show that higher wages are positively correlated with higher productivity. Lower wages do not necessarily mean lower labor costs. Indeed, figures from a 1995 University of Utah study indicate that it costs less to build a mile of road in States with higher wages than in States with lower wages; the study revealed that, in States that have analogs to the Davis-Bacon Act, it has cost an average of almost $250,000 less per mile of road than in States that do not observe prevailing wage standards.

It is apparent, Mr. President, that the CBO study upon which critics of the Davis-Bacon Act rely overestimates the cost and impracticality of enforcing and complying with the act. The figures that CBO study uses for its estimate are 15 years old; they do not reflect the expansion of office technology that has occurred in the last decade. Advances in office technology have facilitated the periodic filing of

wage and benefit schedules by Government contractors as well as the processing of those schedules by the Department of Labor. Furthermore, the proportion of all Federal contracts that would have to comply with the act would drop to less than half, if the higher threshold I propose were promulgated.

It is altogether unclear, therefore, whether the Federal Government can reasonably expect dramatic savings from an outright repeal of the Davis-Bacon Act. Even if the substantial savings that the CBO has predicted were possible with the repeal of the act, Mr. President, I would nevertheless urge my distinguished colleagues to consider the nonmonetary yet indispensable benefits of the act. A pressing concern of mine is the safety of America's builders. The 1995 University of Utah study to which I earlier referred indicates that the repeal of Davis-Bacon might lead to less training for construction workers and to more accidents and fatalities on work sites. That study examined nine States that repealed their own little Davis-Bacon laws. It reported that training declined in those States by 40 percent while occupational accidents rose by 15 percent. Better paid workers have fewer accidents and fewer fatalities—without the Davis-Bacon Act, better pay for workers will be the first cost that Government contractors cut. Is this body prepared to jeopardize the safety of American workers in pursuit of unproven savings? I myself am not.

Another benefit of the prevailing wage standard is its contribution to the maintenance of a pool of well trained and motivated construction workers. This has become increasingly difficult with plummeting wages and unstable demand for labor in the construction industry. There are few incentives for young people to undertake the long-term training necessary to be a competent craftsman or mechanic if they can look forward to earning little more than the minimum wage and no benefits. Permitting the Federal Government, which provides between 10 and 20 percent of the construction industry's revenues, to invite competition that would inevitably depress wages further than they already have been is to imperil this Nation's ability to maintain and expand its infrastructure when the need arises.

Mr. President, I cannot abide the repeal of the Davis-Bacon Act, although I do believe that it needs to be updated and revised. I am not convinced that repealing the act would permit the dramatic savings that have been predicted by critics of the act, primarily because the fiscal benefits of the act have been consistently underestimated or ignored. I understand, however, that the act as it is currently implemented is problematic and sometimes counterproductive in terms of its own purpose. This is why I have long supported, and propose today, fundamental reform of this absolutely vital law. The Davis-Bacon Act, with the correct revisions, can once again serve its purpose of protecting the livelihoods of America's builders and mechanics, preserving the sanctity of community standards, and ensuring that local contractors, young apprentices, and skilled workers have a chance to contribute to the growth and livelihood of both this Nation and their own families. Let us not confront this law with shortsighted and uninspired aspirations of abandoning it, but with the goal of rewriting it so that it can serve its original and laudable purpose.

I ask unanimous consent that a list of members of the contractors-labor coalition be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD; as follows:

MEMBERS OF THE CONTRACTORS-LABOR COALITION

Irv Fletcher, Oregon AFL-CIO; Bob Shiprack, Building and Trades Council; William G. Bernard, Asbestos Workers; Charles W. Jones, Boilermakers; John T. Joyce, Bricklayers; Sigurd Licassen, Carpenters; Dominic Martell, Cement Masons (plaster); J.J. Barry, Electrical Workers; John N. Russell, Elevator Constructors; Jake West, Iron Workers; Arthur Coia, Laborers; Frank Hanley, Operating Engineers; A.L. Monroe, Painters, Earl J. Kruse, Roofers; Arthur Moore, Sheet Metal Workers; Ron Carey, Teamsters; Jarvin J. Boede, United Association.

Bill Supak, Kim Mingo, Sandy Barnes, Associated General Contractors Oregon-Columbia Chapter; Terry G. Bumpers, National Alliance for Fair Contracting; Stan Kolbe, Sheet Metal & Air Conditioning Contractors National Association; Robert White, National Electrical Contractors Association; Patricia Fink, Mechanical Contractors Association of America.

---

By Mr. ASHCROFT:

S. 1184. A bill to provide for the designation of distressed areas within qualifying cities as regulatory relief zones and for the selective waiver of Federal regulations within such zones, and for other purposes; to the Committee on Governmental Affairs.

THE URBAN REGULATORY RELIEF ZONE ACT OF 1995

Mr. ASHCROFT. Mr. President, it is a pleasure to rise today and discuss an opportunity to provide relief from many of the threats to the safety, security, and well-being of those individuals who populate our urban centers. Our cities today, especially our inner cities, have become areas of hopelessness and decay and despair.

Consider these facts: America's urban areas suffer a murder every 22 minutes, a robbery every 49 seconds, and an aggravated assault every 30 seconds. In a survey of first and second graders in Washington, DC, 31 percent reported having witnessed a shooting, 39 percent said they had seen dead bodies. In addition, 40 percent of low-income parents worried a lot about their children being shot, compared to 10 percent of all parents who worry about their children being shot; 1 out of every 24 black males in this Nation, 1 out of every 24 black males in America, will have his life ended by a homicide. A report in The New England Journal of Medicine stated that a young black man living in Harlem is less likely to live until the age of 40 than a young man in Bangladesh, perhaps the poorest country on Earth. These are tragedies too great to comprehend.

The roots of these pathologies are varied. They are partly cultural, partly economic, and partly social. Many people are born, live, and die without ever knowing what it is like to have a job, to feed a family, and to fulfill their dreams.

In a number of the high schools in central cities, for example, the dropout rate rises as high as 80 percent. In 1990, 81 percent of young high school dropouts living in distressed urban areas were unemployed. In that same year, more than 40 percent of all adult men in the distressed inner cities of America did not work, while a significant number worked only sporadically or part time. Today, half of all residents of distressed neighborhoods live below the federally defined poverty threshold—in 1993, $14,763 for a family of four.

Why do we have these problems in our inner cities? Well, as I have indicated, there are a variety of reasons. But I submit that one of the significant reasons for all of these facts is what I would call a ''regulatory redlining'' of our urban centers—a series of pervasive regulations promulgated by a variety of agencies that have literally driven jobs from the center of America's urban environments. As a matter of fact, the older the site is, the longer there has been industry, the longer there has been manufacturing, and the longer there has been industrial activity, the less likely the site is to qualify with and escape from the kind of onerous regulations which drive away jobs in these settings.

As well meaning as many regulations may have been, the reality is that they have destroyed opportunity in our inner cities.

There is a great debate about regulation and the regulatory burden in America. But the people who live in our inner cities bear not only their portion of the $600 billion in regulatory costs that are built into our products, they also experience and sustain a cost of regulation which is substantially higher in many circumstances. It is a cost of lost opportunity. It is a cost of poor health. It is a cost of the lack of personal security and safety. It is truly a major challenge.

I have spoken on the Senate floor of situations in both Kansas City and St. Louis MO where Federal regulations designed to protect health and safety actually hurt Missouri's cities by essentially prohibiting new jobs while simultaneously forcing existing jobs from the city. Every large city has countless numbers of similar stories.

Regulations, in particular environmental regulations, have attached so much liability to older industrial sites

that, in many instances, these properties now have a negative market value—you'd have to pay someone else to take them. As a result, industries are headed for suburban and rural lands unspoiled by older industrial development. Tired of wading through open-ended regulations and liability laws that hold anyone even remotely responsible for cleanup costs, industries are moving to greener pastures.

Perhaps Kathy Milberg, executive director of the Southwest Detroit Environmental Vision Project, says it best:

> You've got industries building all these nice clean plants in our suburbs * * * while environmentalists are telling us we can't build—in the cities—because we don't have a pristine environment. We've got to stabilize this neighborhood economically as well as environmentally. * * * They talk about environmental justice, but where's the justice when the suburbs are getting all the new factories and new jobs while we're stuck with a bunch of fences covered with ''Do not trespass'' signs?

The rules and regulations that she laments make sense in certain areas, but frankly, the statistics tell us that the inhabitants of our urban centers are at far greater risk of the kind of lead poisoning that comes from a .38 than they are from the environmental concerns that drive so many jobs from the inner cities.

We have to find a way to bring jobs back into our cities. The risks associated with unemployment are enormous—far greater than the risks associated with a door that may be 36 instead of 38 inches wide, or that do not comply with a particular statute. The risk of being shot in a drive-by shooting is much more pressing and demanding and challenging than the risk of being contaminated by impure dirt beneath a parking lot.

Under the guise of noise abatement, we have merely exchanged the sounds of productivity for the sounds of silent factories. The crack of cocaine has been the only sound of productivity in our cities' centers. The wail of a family in the wake of a siren, the echoing clang of a cell door—those are the principal sounds of our inner cities. We need a common sense approach to risk in our inner cities.

We literally have a substantial group of people in this country at the core of our urban centers and in our cities, whose opportunities have been diminished, whose safety has been impaired, whose health has been undermined, whose security has been threatened, and whose longevity has been shortened because of well-meaning but misapplied regulations.

Our challenge is to find a way to make our urban centers places where people can thrive again.

That is why I am introducing The Urban Regulatory Relief Zone Act of 1995. The goal of the bill is this: to give the residents, government, and businesses of inner city areas the opportunity to restore their towns by reducing the often silly and senseless regulations that currently burden them.

This bill will provide an opportunity for the mayor of a city, any city over 200,000, to appoint an Economic Development Commission which could assess rules and regulations which they believe impair the health, safety and well-being of their residents by keeping jobs out of the area; and to weigh whether or not waiving those regulations could give rise to an influx of opportunity which would provide an improvement in the health, an improvement in the security, an improvement in the education, and an improvement in the longevity of the individuals in that zone. These Economic Development Commissions will give all members of the community the opportunity to participate and work closely with one another to bring about real change and progress in the community.

These Economic Development Commissions could then apply for modification or waiver of those rules. The Office of Management and Budget will process these requests and forward them to the appropriate Federal agencies. Ultimately we give the agencies the deference they deserve, and allow them to deny a waiver or modification request if the agency decides that the granting of the waiver would create a significant threat to human health and safety. I believe, however that the Economic Development Commissions will be able to readily identify those rules and regulations which prevent growth while achieving little or no benefit to the community.

We have to give cities a chance to say to individuals:

> You can come in here, you don't have to be responsible for all the past sins of industry here; you don't have to make sure the dirt under your parking lot is so clean that it could be eaten by an individual for his or her entire 70 years of existence. We want to have jobs here because we know that an employed person is safer than an unemployed person; that an employed person is healthier than an unemployed person; that where there is economic vitality and industry, there is a far greater chance that the young people will persist in their education, avoiding the dropout situation; and will upgrade what happens in our very inner cities.

The isolation of the distressed urban areas I have referred to conflicts with our national ideals. Equality of opportunity is a fundamental principle of American society and a right of all Americans. Extreme differences in the range of life chances between persons of one segment of American society and another, one racial or ethnic group and another, or one part of an urban area and another conflict harshly with this ethical standard. I believe the persistence of distressed urban areas is dangerous to America's future.

Mr. President, I thank you for the opportunity. It is my sincere belief that the Urban Regulatory Relief Zone Act which I introduce today can restore a sense of hope and real benefits in terms of economic opportunity and improved health and safety to our inner cities. I hope that we will have the good judgment to share with the people of the United States the opportunity to make sound decisions about improving the standing of those who are at peril in our inner cities, the core of our largest urban centers. I hope that we will give them the opportunity to get relief when that relief will increase their likelihood for safety, for health, for security, for productivity and for longevity. I hope that we will give them the opportunity to get relief when that relief will increase their likelihood for safety, for health, for security, for productivity, and for longevity.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1184

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Urban Regulatory Relief Zone Act of 1995''.

**SEC. 2. FINDINGS.**

The Congress finds that—

(1) the likelihood that a proposed business site will comply with many government regulations is inversely related to the length of time over which a site has been utilized for commercial or industrial purposes, thus rendering older sites in urban areas most unlikely to be chosen for new development and forcing new development away from the most areas most in need of economic growth and job creation; and

(2) broad Federal regulations often have unintended consequences in urban areas where such regulations—

(A) offend basic notions of common sense, particularly when applied to individual sites;

(B) adversely impact economic stability;

(C) result in the unnecessary loss of existing businesses;

(D) undermine new economic development, especially in previously used sites;

(E) create undue economic hardships while failing significantly to protect human health, particularly in areas where economic development is urgently needed to improve the health and welfare of residents over a long period of time; and

(F) contribute to social deterioration to such a degree that high unemployment, crime, and other economic and social problems create the greatest risk to the health and well-being of urban residents.

**SEC. 3. PURPOSES.**

The purposes of this Act are to—

(1) enable qualifying cities to provide for the general well-being, health, safety and security for their residents living in distressed areas by empowering such cities to obtain selective relief from Federal regulations that undermine economic stability and development in distressed areas within the city; and

(2) authorize Federal agencies to waive the application of specific Federal regulations in distressed urban areas designated as urban regulatory relief zones by an economic development commission—

(A) upon application through the Office of Management and Budget by an economic development commission established by a qualifying city under section 5; and

(B) upon a determination by the appropriate Federal agency that granting such a waiver will not substantially endanger health or safety.

**SEC. 4. ELIGIBILITY FOR WAIVERS.**

(a) ELIGIBLE CITIES.—The mayor or chief executive officer of a city may establish an economic development commission to carry out the purposes of section 5 if the city population is greater than 200,000 according to—

(1) the United States Census Bureau's 1992 estimate for city populations; or

(2) beginning 6 months after the date of the enactment of this Act, the United States Census Bureau's latest estimate for city populations.

(b) DISTRESSED AREA.—Any census tract within a city shall qualify as a distressed area if—

(1) 33 percent or more of the resident population in the census tract is below the poverty line;

(2) 45 percent or more of out-of-school males aged 16 and over in the census tract worked less than 26 weeks in the preceding year;

(3) 36 percent or more families with children under age 18 in the census tract have an unmarried parent as head of the household; or

(4) 17 percent or more of the resident families in the census tract received public assistance income in the preceding year.

**SEC. 5. ECONOMIC DEVELOPMENT COMMISSIONS.**

(a) PURPOSE.—The mayor or chief executive officer of a qualifying city under section 4 may appoint an economic development commission for the purpose of—

(1) designating urban regulatory relief zones in a city composed of—

(A) a distressed area;

(B) a combination of distressed areas; or

(C) one or more distressed areas with adjacent industrial or commercial areas; and

(2) making application through the Office of Management and Budget to waive the application of specific Federal regulations within such urban regulatory relief zones.

(b) COMPOSITION.—To the greatest extent practicable, an economic development commission shall include—

(1) residents representing a demographic cross section of the city population; and

(2) members of the business community, private civic organizations, employers, employees, elected officials, and State and local regulatory authorities.

(c) LIMITATION.—No more than one economic development commission shall be established or designated within a qualifying city.

**SEC. 6. LOCAL PARTICIPATION.**

(a) PUBLIC HEARINGS.—Before designating an area as an urban regulatory relief zone, an economic development commission established under section 5 shall hold a public hearing, after giving adequate public notice, for the purpose of soliciting the opinions and suggestions of those persons who will be affected by such designation.

(b) INDIVIDUAL REQUESTS.—The economic development commission shall establish a process by which individuals may submit requests to the commission to include specific Federal regulations in the commission's application to the Office of Management and Budget seeking waivers of Federal regulations.

(c) AVAILABILITY OF COMMISSION DECISIONS.—After holding a hearing under subsection (a) and before submitting any waiver applications to the Office of Management and Budget under section 7, the economic development commission shall make publicly available—

(1) a list of all areas within the city to be designated as urban regulatory relief zones, if any;

(2) a list of all regulations for which the economic development commission will request a waiver from a Federal agency; and

(3) the basis for the city's findings that the waiver of a regulation would improve the health and safety and economic well-being of the city's residents and the data supporting such a determination.

**SEC. 7. WAIVER OF FEDERAL REGULATIONS.**

(a) SELECTION OF REGULATIONS.—An economic development commission may select for waiver, within an urban regulatory relief zone, Federal regulations that—

(1)(A) are unduly burdensome to business concerns located within an area designated as an urban regulatory relief zone;

(B) discourages economic development within the zone;

(C) creates undue economic hardships in the zone; or

(D) contributes to the social deterioration of the zone; and

(2) if waived, will not substantially endanger health or safety.

(b) REQUEST FOR WAIVER.—(1) An economic development commission shall submit a request for the waiver of Federal regulations to the Office of Management and Budget.

(2) Such request shall—

(A) identify the area designated as an urban regulatory relief zone by the economic development commission;

(B) identify all regulations for which the economic development commission seeks a waiver; and

(C) explain the reasons that waiver of the regulations would economically benefit the urban regulatory relief zone and the data supporting such determination.

(c) REVIEW OF WAIVER REQUEST.—No later than 60 days after receiving the request for waiver, the Office of Management and Budget shall—

(1) review the request for waiver;

(2) determine whether the request for waiver is complete and in compliance with this Act, using the most recent census data available at the time each application is submitted; and

(3) after making a determination under paragraph (2)—

(A) submit the request for waiver to the Federal agency that promulgated the regulation and notify the requesting economic development commission of the date on which the request was submitted to such agency; or

(B) notify the requesting economic development commission that the request is not in compliance with this Act with an explanation of the basis for such determination.

(d) MODIFICATION OF WAIVER REQUESTS.—An economic development commission may submit modifications to a waiver request. The provisions of subsection (c) shall apply to a modified waiver as of the date such modification is received by the Office of Management and Budget.

(e) WAIVER DETERMINATION.—(1) No later than 120 days after receiving a request for waiver under subsection (c) from the Office of Management and Budget, a Federal agency shall—

(A) make a determination of whether to waive a regulation in whole or in part; and

(B) provide written notice to the requesting economic development commission of such determination.

(2) Subject to subsection (g), a Federal agency shall deny a request for a waiver only if the waiver substantially endangers health or safety.

(3) If a Federal agency grants a waiver under this subsection, the agency shall provide a written statement to the requesting economic development commission that—

(A) describes the extent of the waiver in whole or in part; and

(B) explains the application of the waiver, including guidance for business concerns, within the urban regulatory relief zone.

(4) If a Federal agency denies a waiver under this subsection, the agency shall provide a written statement to the requesting economic development commission that—

(A) explains the reasons that the waiver substantially endangers health or safety; and

(B) provides a scientific basis for such determination.

(f) AUTOMATIC WAIVER.—If a Federal agency does not provide the written notice required under subsection (e) within the 120-day period as required under such subsection, the waiver shall be deemed to be granted by the Federal agency.

(g) LIMITATION.—No provision of this Act shall be construed to authorize any Federal agency to waive any regulation or Executive order that prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, gender, or national origin.

(h) APPLICABLE PROCEDURES.—A waiver of a regulation under subsection (e) shall not be considered to be a rule, rulemaking, or regulation under chapter 5 of title 5, United States Code. The Federal agency shall publish a notice in the Federal Register stating any waiver of a regulation under this section.

(i) EFFECT OF SUBSEQUENT AMENDMENT OF REGULATIONS.—If a Federal agency amends a regulation for which a waiver under this section is in effect, the agency shall not change the waiver to impose additional requirements.

(j) EXPIRATION OF WAIVERS.—No waiver of a regulation under this section shall expire unless the Federal agency determines that a continuation of the waiver substantially endangers health or safety.

**SEC. 8. DEFINITIONS.**

For purposes of this Act, the term—

(1) ''industrial or commercial area'' means any part of a census tract zoned for industrial or commercial use which is adjacent to a census tract which is a distressed area under section 5(b);

(2) ''poverty line'' has the same meaning as such term is defined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2));

(3) ''qualifying city'' means a city which is eligible to establish an economic development commission under section 4;

(4) ''regulation''—

(A) means—

(i) any rule as defined under section 551(4) of title 5, United States Code; or

(ii) any rulemaking conducted on the record after opportunity for an agency hearing under sections 556 and 557 of such title; and

(B) shall not include—

(i) a rule that involves the internal revenue laws of the United States, or the assessment and collection of taxes, duties, or other revenues or receipts;

(ii) a rule relating to monetary policy or to the safety or soundness of federally insured depository institutions or any affiliate of such an institution (as defined in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k))), credit unions, Federal Home Loan Banks, government sponsored housing enterprises, farm credit institutions, foreign banks that operate in the United States and their affiliates, branches, agencies, commercial lending companies, or representative offices, (as those terms are defined in section 1 of the International Banking Act of 1978 (12 U.S.C. 3101)); or

(iii) a rule promulgated under the Communications Act of 1934 (47 U.S.C. 101 et seq.); and

(5) ''urban regulatory relief zone'' means an area designated under section 5.

---

By Mr. PRESSLER:

S. 1185. A bill to authorize the Secretary of the Interior to enter into an agreement with the State of South Dakota providing for maintenance, operation, and administration by the State, on a trial basis during a period not to exceed 10 years, of three National Park System units in the State, and for other purposes; to the Committee on Energy and Natural Resources.

THE SOUTH DAKOTA NATIONAL PARKS PRESERVATION ACT OF 1995

Mr. PRESSLER. Mr. President, I rise today to introduce legislation to allow South Dakota's national parks to be managed by the State of South Dakota.

Natural resources always have played a significant role in the heritage of my State. South Dakota is the proud home of three of our national treasures: Wind Cave National Park, Jewel Cave National Monument, and Mount Rushmore National Memorial, as well as a number of State parks, wildlife preserves, and recreation areas. It is not surprising that tourism is the second largest industry in the State. People travel thousands of miles to view South Dakota's natural wonders.

Located just south of Custer State Park, Wind Cave National Park is one of the nation's oldest national parks. The park provides protection to hundreds of prairie wildlife, including bison, antelope, coyotes, elk, and prairie dogs. The cave itself is 70 miles of winding underground passageways. The natural formations of boxwork, flowstone, popcorn and frostwork combine with helictites and stalactites to amaze and educate visitors from around the world.

Northwest of Wind Cave, is Jewel Cave National Monument—the fourth longest cave in the world. Ninety miles of underground passageways have been mapped to date, but many more miles are left to be discovered. The cave takes its name from glittering jewel-like calcite crystals which line the walls of many of the cave's rooms and tunnels.

Finally, there is Mount Rushmore, set in the heart of the Black Hills National Forest. The Mount Rushmore National Memorial attracts more than 2 million visitors each year. It is truly America's Shrine of Democracy. The monument was designed in 1927 by Gutzon Borglum, the son of Danish immigrants. The Memorial is a shrine of American Presidential heroes: George Washington, father of the Nation; Thomas Jefferson, author of the Declaration of Independence; Theodore Roosevelt, conservationist and trustbuster; and Abraham Lincoln, the great emancipator and preserver of the Union. More than 65 years later, Mount Rushmore is still one of the most powerful symbols of America.

This year there has been a great deal of discussion about the ever diminishing funds for the National Park Service. In light of possible budget cuts, some even erroneously questioned whether the parks would be able to stay open.

Mr. President, I agree that like most Federal Government programs and agencies, the Park Service is due for some belt tightening. However, fiscal responsibility should not place at risk the effective management of our national parks. Our Nation has some of the most spectacular scenery in the world and we must carefully preserve this natural legacy that has been placed in our care.

The challenge that we face should not be the threat of a park closing. That is not an option. Such scare talk is no substitute for what is truly needed during these tough times—imagination. We need to consider new ways to do more with less. To paraphrase an adage used at dinner tables across America, we must learn to stretch our Park Service dollars.

That is exactly what I have done. In the past few weeks, I have worked closely with Bill Janklow, the distinguished Governor of South Dakota, to formulate a plan that would direct the National Park Service to enter into an agreement with the State of South Dakota to manage three of our four National Parks—Mount Rushmore National Memorial, Wind Cave National Park and Jewel Cave National Monument. However, Mr. President, I would like to emphasize that these parks would remain Federal property. Management of the parks would change hands, but ownership and title would remain with the Federal Government.

While the National Park System has managed these areas well, Governor Janklow has put forward an initiative that would allow the State to provide the same high quality management at less cost; and I commend his innovative cost-cutting ideas. I ask unanimous consent that a letter of support from Governor Janklow be printed in the RECORD following my statement. The legislation I am introducing today would give the State the opportunity to prove its ability to manage its national parks.

Specifically, this legislation would freeze funds for South Dakota's national parks at 1994 levels, and would transfer those moneys to the State. By combining Federal fiscal resources with the State's tested management of its own parks system, the State has the opportunity to demonstrate that it can maintain our parks responsibly and efficiently.

My legislation is a simple ten-year pilot project. After that time, the success of the management transfer would be evaluated for possible renewal.

This bill does not ask the State of South Dakota to perform a task it is unfamiliar with. The State administers its own vast park system, the largest unit being Custer State Park which is directly adjacent to Wind Cave National Park. In addition, Custer State Park headquarters are less than 20 miles from Mount Rushmore National Memorial and 28 miles from Jewel Cave National Monument. This close proximity would allow the State to consolidate resources, and generally streamline management responsibilities. The result? Overall efficient management of both State and National parks.

South Dakotans have a great history of stewardship of the land. South Dakota's department of game, fish and parks is representative of that deep commitment to our State's natural resources. South Dakota has more State parks than any other State. Thanks in great part to the State's efforts, tourism in South Dakota is now the second-largest industry. The success of this industry can be attributed to the diversity of natural resources and recreational activities which South Dakota provides in conjunction with the effective and successful management of those resources by the department of game fish and parks.

Mr. President, South Dakota is proof that Washington bureaucrats do not have a corner on the market of expertise to manage Federal lands. Washington could learn a thing or two from South Dakotans. Indeed, as in areas like welfare reform and law enforcement, we are seeing that Washington bureaucrats are too far removed to understand local problems and needs. The same applies to the National Park Service. Given South Dakota's tradition of effective stewardship, who could better manage South Dakota's park resources than the State itself?

Mr. President, Americans believe the time has come for the Federal Government to clean up its fiscal mess. Meeting this vital goal will require cost-effective innovation, not just from Washington, but from across the Nation. The State of South Dakota is ready to step up to the plate. My legislation would enable the National Park Service to control its budget by giving South Dakota creative authority to institute its cost-effective management practices on three national parks.

I have confidence this demonstration will prove to be a great success. It is my hope this project will set a precedent for future State management of our National Parks. I urge my colleagues to study my legislation, and I look forward to working with the members of the Senate Energy and Natural Resources Committee to give South Dakota the opportunity to prove its ability to effectively and efficiently manage its National Parks.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1185

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''South Dakota National Parks Preservation Act''.

**SEC. 2. MAINTENANCE, OPERATION, AND ADMINISTRATION OF NATIONAL PARK SYSTEM UNITS IN THE STATE OF SOUTH DAKOTA.**

(a) DEFINITIONS.—In this section:

(1) DEPARTMENT.—The term ''Department'' means the Department of Game, Fish and Parks of the State of South Dakota.

(2) NATIONAL PARK SYSTEM UNITS.—The term ''National Park System units'' means Mount Rushmore National Memorial, Wind Cave National Park, and Jewel Cave National Monument, in the State of South Dakota.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the Director of the National Park Service.

(b) AGREEMENT.—The Secretary may enter into an appropriate form of agreement with the Secretary of the Department of Game, Fish and Parks of the State of South Dakota providing for the maintenance, operation, and administration of the National Park System units by the Department for a period not to exceed 10 years.

(c) PERFORMANCE.—An agreement under subsection (b) shall—

(1) establish performance standards to ensure that the National Park System units receive appropriate maintenance and provide appropriate levels of service to the public; and

(2) provide that if the Department fails to meet those standards, as determined by the Secretary, the agreement shall be terminated under such terms and conditions as the agreement may provide.

(d) REPORT TO CONGRESS.—An agreement under subsection (b) shall provide that not later than 2 years after the date of the agreement, and annually thereafter, the Department shall report to Congress on matters relevant to the carrying out of the agreement.

(e) FEE.—An agreement under subsection (b) may provide that the Secretary will pay the Department an annual fee in an amount not to exceed the amount expended by the Secretary during fiscal year 1994 for maintenance, operation, and administration of the National Park System units.

(f) USER FEES.—An agreement under subsection (b) may provide that if, after a number of years stated in the agreement, it appears that the annual cost to the Department of maintaining and operating the National Park System units has exceeded and will continue to exceed the amount of the annual payment under subsection (e), the Department will be permitted, notwithstanding any other law, to charge the public entrance fees and other fees for use of the National Park System units in reasonable amounts agreed to by the Secretary.

---

STATE OF SOUTH DAKOTA,
*Pierre, SD, August 10, 1995.*

Hon. LARRY PRESSLER,
*Russell Senate Office Building,*
*Washington, DC.*

DEAR SENATOR PRESSLER: Thank you for introducing legislation authorizing the Secretary of the Interior to enter into an agreement with the State of South Dakota for the management of Mount Rushmore National Memorial, Wind Cave National Park, Jewel Cave National Monument and Badlands National Park. I wholeheartedly support this effort. If such an agreement can be developed, both the state and the nation can benefit from reduced costs of operation.

The proposal the State of South Dakota submitted to Secretary of the Interior Bruce Babbit on June 29, 1995, originates from the sincere belief that our own Department of Game, Fish and Parks has the experience, the expertise, and the dedication to manage what Secretary Babbitt has called ''America's secular cathedrals.'' South Dakota is committed to meeting the high level of visitor expectation associated with our national parks, while providing those services to the taxpayer in the most efficient and effective manner possible. The State of South Dakota is confident that it can meet these standards. For federal bureaucrats to suggest otherwise demonstrates the lunacy and arrogance of Washington.

As Abraham Lincoln once said, the time has come to think anew and act anew. Regardless of what happens in Congress in the weeks and months ahead, it is reasonable to anticipate that the federal government's budget will probably be leaner in the years ahead. We welcome the National Park Service to join our state in a new partnership that will answer our citizens' clarion call for a smaller federal government—a government that works to empower the states to assume duties traditionally run inside the Beltway.

Once again, thank you for your efforts in introducing this legislation.

Sincerely,

WILLIAM J. JANKLOW.

---

By Mr. BURNS:

S. 1186. A bill to provide for the transfer of operation and maintenance of the Flathead Irrigation and Power Project; and for other purposes; to the Committee on Energy and Natural Resources.

FLATHEAD IRRIGATION LEGISLATION

• Mr. BURNS. Mr. President, this bill transfers the authority to operate and maintain the Flathead Irrigation and Power Project to the irrigation districts which it serves. Initially constructed and operated by the predecessor of the Bureau of Reclamation, this project unlike almost all others in the West has remained the responsibility of the Federal Government for almost 70 years.

It is located on the Flathead Indian Reservation in northwest Montana. In 1904, pursuant to General Allotment Act policies, Congress opened the reservation to nonmember entry and settlement under the general homestead, mining, and townsite laws of the United States. Congress authorized the construction of the project to provide water to these settlers and tribal member irrigators in 1908 and included a provision for the transfer of project operation and maintenance to the landowners served by the project. In 1926, Congress required and authorized the formation of irrigation districts under the laws of Montana to represent these landowners, both tribal members and nonmembers, in dealing with the Federal Government.

As a result of Congress' actions opening the reservation to nonmember, according to the 1993 census about 21,259 people live within the reservation exterior boundaries and only 3,000 are tribal members. Similarly, of the 127,000 acres delivered water by the project, 113,000 are within the irrigation districts, which, under State law, have taxing, lien and foreclosure authority, power to operate irrigation systems, and to hire employees and agents. The land subject to District authority and responsibility is owned by tribal members, about 10 percent, and nonmembers. These farmers' democratically elected governments, the districts, can run the project more efficiently than the BIA.

Early on, the Federal Government wanted to transfer responsibility for the project to the districts but they were not ready for the responsibility. In the 1960's, the districts and the Government negotiated a contract to transfer the operation and management responsibility to the districts for the project, both the irrigation division, including its reservoirs, dams and hundreds of miles of canals, and the power division, which is a power distribution network supplying power to reservation residents.

At the conclusion of negotiations, however, when they thought the deal was done, the Federal Government backed out. For almost 30 years since that time the districts, which represents about 2,000 family farms, have been attempting to get solid answers from the Department of the Interior about when it will transfer the operation and management of the project to them. After decades of stonewalling, they deserve action by Congress to resolve this matter.

This bill does that.

There will be opposition. The Department, particularly the Bureau of Indian Affairs, will oppose the diminishment of its authority. The local tribes will call it an outrage. Let's look at the facts.

Ownership of all land and property remains in the United States.

Transfer of operational authority will not affect water rights or the environment, because the districts will operate the project under the same legal constraints under which it now operates.

Transfer of the O&M would remove Federal inefficiencies and enhance the profitability or irrigation without affecting fish and wildlife adversely. Simply because of economies from different personnel policies, the districts can operate the project at a significant savings without changing operating policies and practices at all.

Almost all other similar Federal projects in the West which can, if operated efficiently, sustain irrigation, have been transferred to irrigation districts or similar water user associations.

Local irrigators are among the most efficient in the West at making the paltry amount of water they receive, about 0.5 to 0.7 per acre-foot for $18.65 per acre, perform well for them.

The irrigation districts have a proven record of trying to positively address environmental issues and water efficiency issues.

The time has come to put the people directly served by and dependent on this project in charge of it. Federal inefficiencies are more than local farmers can continue to shoulder. A Federal study of the project 10 years ago found that of the more than $2 million paid

each year by irrigators to the BIA to operate the project, 74 percent of that goes to personnel costs. In comparison, that study found other irrigation projects in the region typically have personnel cost of 60 percent. This means irrigators pay about $280,000 more each year on personnel costs than they should have to. This is reflected in operation and maintenance rates, which skyrocketed from $7.38 per acre in 1981 to their current level of $18.45. At the same time water deliveries dropped, the Project has further deteriorated, and farm product prices have not increased to keep up with O&M rates.

In its own study 10 years ago the Department of the Interior recognized that economically the only way for farmers to survive is for the operation and management to be transferred to the districts. It found that even at 1985 O&M rates, $10 per acre, irrigators ''cannot afford to pay the assessment rate.'' It concluded, ''the transfer of the operation and maintenance of the irrigation system to water users may, in the end, be the only long term, viable solution from an economic standpoint.''

But the Department has steadfastly refused. That is why this bill is necessary and just.●

---

By Mr. MURKOWSKI:

S. 1187. A bill to convey certain real property located in Tongass National Forest to Daniel J. Gross, Sr., and Douglas K. Gross, and for other purposes; to the Committee on Energy and Natural Resources.

THE TONGASS NATIONAL FOREST ACT OF 1995

● Mr. MURKOWSKI. Mr. President, I introduce legislation which would convey certain property located in the Tongass National Forest to Mr. Daniel J. Gross, Sr., and his brother, Mr. Douglas K. Gross. I introduced similar legislation in the 102d and 103d Congresses.

Mr. President, in the early 1930's Mr. William Lee Gross and his wife Bessie Knickson Gross homesteaded 160.8 acres of land at Green Point on the Stikine River. The Gross family lived at Green Point for several years and have claimed titled to the land since the 1930's. Unfortunately, the legal documents that conveyed title of the land to the Gross family were destroyed when their home burned to the ground in Wrangell during the winter of 1935–36.

Mr. President, the Gross family should not be punished because the title to their land was destroyed in a fire. No one living in the Stikine area doubts the claims of the Gross brothers. Dan and Doug Gross are old timers from Alaska who have been seeking title to their land for decades. Despite overwhelming support from the local community, and substantial evidence submitted by the Gross family, the Forest Service continues to refuse to convey title of the land at Green Point to Doug and Dan.

For this reason, I am introducing legislation to resolve this issue. Doug and Dan Gross are ordinary people who have come up against a bureaucracy that threatens to dismiss over 50 years of their family history. I cannot allow this to happen.●

---

By Mr. SANTORIUM (for himself, Mr. LUGAR and MR. BROWN):

S. 1188. A bill to provide marketing quotas and a price support program for the 1996 through 1999 crops of quota and additional peanuts, to terminate marketing quotas for the 2000 through 2002 crops of peanuts, and for other purposes; to the Committee on Agriculture, Nutrition and, Forestry.

PRICE SUPPORT PROGRAM LEGISLATION

Mr. SANTORUM.

Mr. President, I rise today to introduce a bill which I hope will be a compromise on an issue that we are going to be bringing up when the farm bill hits the floor, and that is the peanut program. There are bills introduced in the Senate to eliminate the peanut program immediately. I do not believe that, frankly, is going to be fair to the farmer.

What we are trying to do is put in a program that is a 5-year phaseout that gives people plenty of notice and ability for people to be able to adjust to the gradual phaseout, gradually reduce the support price, which I will get into in a moment. Our bill provides a glidepath for peanut farmers in this country to get back to a market-based system which I think is needed. In fact, we are going to talk this morning about how horribly bureaucratic and inefficient the current peanut program is.

For those who are not familiar with the peanut program, let me run through it on this chart. The top half of this chart is how the peanut program works. You would think that you grow peanuts and you just give them to somebody and they sell them.

In fact, the next chart I have—I will come back to this one—is for another crop that is grown underground, a potato. There is no Government program for potatoes. You just grow them, sell them to someone who will get them to the store or make potato chips, but this is it. This is the entire marketing of a potato.

However, in peanuts, we have a little different story because of this program created during the Great Depression. Congress created this very complex system of contracting for peanuts and having the Government, frankly, be there to support peanut growers with a fixed price for their peanuts irrespective of what the market price is. They will be paid a fixed price. Today, the price of peanuts grown in the United States by quota peanut holders is $678 per ton. If you are not a quota peanut grower—those are called additional peanuts, you can only sell them for export on the world market. You cannot sell them in the United States. You are not allowed to. You can grow them here, but you cannot sell them here. You have to sell them overseas at the world market price which is roughly half of what the quota price is.

If you want to sell your peanuts, this is how you have to go through this process. You grow peanuts. In many cases, the quota peanuts are purchased by the Government. It is called a nonrecourse loan. What does that mean? That means that the peanuts are the collateral for the loan, and if they are not worth the $678 a ton, the Government loses money, not the peanut grower. So you sell them to the Government. The Government pays you for those, and what the Government does with them, if they cannot sell them for $678, which in many cases they cannot, the Government loses money, not the peanut farmer. Only quota holders can do this.

If you grow peanuts and you do not have a quota, then you have to contract with somebody, whether it is a foreign interest or whatever the case may be, and you get the world price, but if you cannot contract before the peanuts are harvested, you sell them to the Government for noncontract additionals.

Now, remember, quota peanuts get $678 a ton. Noncontract additionals get $123 a ton. They are the same peanuts. They are grown right next to each other, same quality, but they get a fifth of the price because they do not have this quota.

Now, you may say, what is this quota? It is a poundage that has been passed down since 1941—that was distributed back in 1941—to generation after generation of people who have the rights to grow a certain amount of peanuts in a particular State in a particular county of that State. If you have a quota to grow peanuts in Carroll County, GA, you cannot take that quota and sell it to somebody to grow peanuts in Cobb County, GA. You have to grow them in Carroll County or that quota is not worth anything.

That is how the system works. It is handed down. And you would say, ''Well, that's good. We are giving people a little bit more money for their product.'' Well, that is not necessarily true.

Who owns these quotas? What you will find is that most of the quotas are held by a very few people. In fact, 80 percent of the poundage that is owned in quota peanuts is owned by 6,182 quota holders. Then you have 20 percent of the poundage owned by 22,000 people. It is not surprising that there are a lot of very big interests that are concerned about keeping their quota poundage at a high level because they own a lot.

Now, are these the farmers? That is the next question. The answer is no, these are not the farmers. People who live in Atlanta get $1 million from rural peanut farmers because they own the quotas there in the city. They have been passed on from generation to generation. It is just like a stock they pass on from generation to generation, and

they get the money for people paying them rent.

Now, what do they get for these quotas? Well, remember, the price of a ton of peanuts is $678 for quota peanuts. The world price is about $350. How much do they rent these quota rights for? Oh, roughly $250. So all the profit from owning the quota does not go to the people who farm the land. It goes to the people who own the quota, who are not even the farmers.

In fact, of all the quota holders, only about 30 percent actually farm. The rest are owned by others who do not farm. Seventy percent of these quotas are owned by people who do not farm the land, but they just own this interest that has been passed on through generations and then they lease it out to folks who go out there and farm for basically the same income they could get growing additional peanuts. This is a feudal system. You have got a bunch of lords who sit in the castle who have these rights, who then go out and lease them out to people to go out and grow peanuts for them so they can make money.

This is not a profarmer provision. This is a system that is set up to enrich people from all over the country. Peanuts are grown basically in this area of the country, right down here in the South and Southwest, obviously, Georgia being the biggest.

But you can see, people from 46 States own quotas in Georgia. They do not even live in Georgia but they own quotas there. They get paid money by people who farm under their quota. In fact, if you go to the next chart you can see that it is not just people in the United States that are enriched by the quota program. There is quota rent going to foreign countries. You can see, Argentina, Great Britain, and Japan and Hong Kong and all these other countries around the world. People own these quotas from the United States. These are just for North Carolina, Georgia, Alabama, and Texas where these quota holders are from across the country and the world.

You can say, well, this program is a pretty low-cost program and the support price is not really that out of line with other support prices. Well, that is not true. If you look at what has happened in the support programs, you see that the support price for rice, milk, corn, and wheat all have decreased in the last 10 years. The only price that has gone up is peanuts, and it has gone up by 21 percent. It has grown. The support price of peanuts has gone up while the world price has not, further enriching quota holders, again, not farmers. Because as the price goes up, the quota price goes up, they just charge more for their quota. Farmers still get pretty much the same with or without the quota.

We have a peanut grower who is quoted in a farm magazine and says the 1995 crop could have a $200 million loss to the Government. In his words, ''It's not a pretty picture and won't win us any friends in Washington.'' Well, I will assure him of that. It will not win him any friends in Washington to cost $200 million in a program that does not go predominantly to farmers; it goes to wealthy people who own these quotas in the big cities. You have got a lot of small farmers out there basically in a feudal system growing peanuts for them.

Again, I want to show you the world price in graphic terms and what that means. Remember, if you want to buy peanuts in the United States, you have to buy them at $678 a ton. If you are a candy manufacturer and you want to buy peanuts for Snickers bars, you have to pay this. If you want to produce those Snickers bars in Canada, you pay $350 a ton.

The PRESIDING OFFICER. The Senator's 10 minutes has expired.

Mr. SANTORUM. I ask unanimous consent for an additional 5 minutes.

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

Mr. SANTORUM. I thank the Chair.

And so what happens? Well, not surprisingly, what is happening is we are losing jobs. We are enriching a very few people who own the majority of these quotas who do not farm the land, with Government dollars and higher prices. You pay about 20 cents to 30 cents more for a jar of peanut butter because of these high prices. And we lose jobs. We have a company that wrote me from Pennsylvania. They are one of many small candy manufacturers in Pennsylvania. I will quote. Pennsylvania Dutch Company is the name of it:

> Our Katherine Beecher Candies Division located in Manchester, PA, is a primary manufacturer of sugar-coated peanuts. The product contains approximately 60 percent peanuts and 40 percent sugar by weight. We employ 40 to 50 workers at this location, and have struggled for years to keep them employed year round. As part of this effort, we established a pretty nice volume market in Canada many years ago. Then a Canadian operator began to make the identical product, and we were no longer competitive with the Canadian folks using world price sugar—

That is another story—

> at $.16 a pound while we are paying about $.27 a pound here in the United States, because of another quota program here in Washington, DC—and we were paying about $.90 a pound for peanuts while the export prices were around $0.60. So, to continue to serve our customers and not lose this share of the market, we sold a technical know-how license to a friend of ours in Canada so he could supply peanuts to our former customers [in Canada] * * *. In all probability, we exported about three full time equivalent jobs.

That is going on all across the country. As peanut prices stay artificially high, we are losing jobs in manufacturing to other places around the world who can buy peanuts at almost half the price. It is no wonder we lose those jobs. And we are losing jobs here, too, because of it.

We have just in the last few years without reform: Shelling plants closed since 1990—these are plants that take the peanuts and shell them, take the shells off of them—Greenwood, FL, Graceville, FL, Cordele, GA, Donalsonville, GA, Sylvania, GA, Opp, AL. All those places have closed. Why? Because of the peanut program is killing domestic demand.

What happens? They make their peanuts into peanut butter. When peanut butter manufacturing shifts overseas demand for U.S. peanuts falls, and we lose jobs because the product is not made here. Why? Because peanut butter is too expensive here when you are paying $670 a ton of peanuts. You just cannot produce it here anymore.

Peanut butter plants that have closed since 1990: Portsmouth, VA, Cairo, GA, Birmingham, AL, Albany, GA, Wyoming, MI, Chaska, MN, Woodbury, GA, Brooklyn, NY, and Santa Fe Springs, CA. This is a widespread problem of closures of shelling and peanut butter plants.

Mr. President, we have a quota price for peanuts of $678 a ton and a price for nonquota peanuts of $350 a ton.

What does that mean? I was talking about peanut butter and the influx of peanut butter. Here is what we have seen over the last 5 years in the amount of peanut butter coming into this country because it is so much cheaper to take world price peanuts, turn them into peanut butter, and send them into our country.

Because of NAFTA, there are Canadian imports coming into this country. Those are jobs that used to be in the United States, now in Canada. Mexico is preparing to do the same thing right now as a result of Mexico being added.

We imported 40 million pounds of Canadian peanut butter in 1994. As a result, what is happening is that—in fact, I got a letter from a small candy manufacturer, a very small candy manufacturer, who sent a letter to me and an invoice from Argentina, for Argentine peanut butter. He paid 67.5 cents a pound delivered for the peanut butter. Had he bought it in the United States, he would have paid about $1 a pound, and he went on to say, ''The quality of the product is excellent.''

So we are losing jobs. This program is not helping farmers and it is costing jobs.

By the year 2000, under GATT and NAFTA, we are going to have to allow the import of more than 10 percent of our peanuts for domestic use. Our borders are going to start to open. We have this artificially set price of peanuts and have more imports coming in. We are going to have to import 130,000 tons of fresh peanuts under GATT and NAFTA.

I will tell you, there are a lot of growers out there who realize this is a problem coming down the road, this is a train heading right in the direction of growth.

I will quote a Virginia peanut grower, who said:

> I am a grower from Southhampton County, VA. I am also a holder of peanut quota poundage. The peanut program has worked for many years. However, with the passage of

GATT and NAFTA, as a result of that, our peanuts are priced too high.

He underlined ''too high.''

While I am vigorously in support of the peanut price support program, we cannot grow or even sustain our market share at the level of price support we are at today. . . I realize many of my farmer friends are opposed to a cut in price support, but not to do so will put many growers out of business. Create a larger influx of imports, and eventually put us growers out of business.

He is absolutely right.

This is a program that needs reform. In our bill we are gradually lowering the price of peanuts back down to the world marketplace over a 5-year period. We think that is fair. We believe that the industry today will be doomed and, really, the program does not help the farmer.

In fact, the next chart I want to show here is the cost of the program to the farmer—not to the quota holder, but the farmer. Here is the quota rent. About 16 percent of the cost of growing peanuts and selling peanuts is the quota rent they have to pay. Then they have another roughly 8 percent for renting the land, and the land values increase because of the quota. You have a quota that makes the value of the land that you are leasing much, much more expensive.

Finally—and this is something I had not mentioned—if you want to grow peanuts in the United States, you can do it. You have to have a quota to sell them here. But you cannot get your seeds just from anywhere. The seeds for peanuts have to be quota seeds. So you have to buy your seeds from people who grow quota peanuts. So you have an additional cost that you have to buy your seeds from quota holders, which, of course, is twice the world price of peanuts. So you have to buy very expensive seeds.

The peanut program comprises 28 percent of the cost of growers. I will quote from Forbes magazine of last year:

Don't want to make profits the hard way? For as little as 5 times the earnings, you can buy peanut growing rights. An owner who doesn't have to be a farmer can sell or rent the rights.

These are traded. It is your money—taxpayers dollars going to support these folks who play in this peanut game.

What Senator LUGAR, and now Senator BROWN, and I are proposing is a gradual phaseout of the program. We would eventually reduce the price support level. It is a market-oriented approach. It reduces the level, as I said, over a period of 5 years. It eliminates the minimum quota immediately. The present rules set a floor on quota issued of 1.35 million tons. Domestic consumption is less than this, even without counting imports. That is why the farmer I quoted earlier projects the high cost to the Government this year. We are allowing people to grow peanuts we know they cannot sell to anyone but the Government. So we are going to just open up the market place, allow people who want to grow peanuts to do it. Given the market price, obviously they can be competitive because people grow them now at the market price. They would not be doing it if they cannot make a profit.

Additionally, we get rid of this quota seed requirement, and you can plant whatever seeds you want for growing peanuts.

There are other proposals under discussion for the peanut program. One set of changes has been put forward by the quota holders. Their proposal is not reform. It removes the budget impact of the program, but does not address the trade or price issues. If adopted, the quota holder's proposal would doom the industry. Consumption has declined by 15 percent since last farm bill and imports are way up. This problem would only get worse if the quota holder's proposal were to be enacted.

Senators BROWN and BRADLEY introduced a bill that would eliminate the program immediately. Given how bad this program is, immediate elimination is probably justified. However, immediate elimination would create some transition problems.

In recognition of this, Senator LUGAR and I propose a compromise, which Senator BROWN has agreed to cosponsor. Under our bill, quota is gradually eliminated by a reduction of the price support level each year, until in the fifth year it is at the world price. In the fifth year, the quota system is eliminated. The transfer of quotas across county and State lines is allowed under our bill. The minimum level on the total of the quotas is eliminated. The artificially high prices from the program decreased domestic demand so sharply that the minimums that were viewed in 1990 just as a precaution by 1994 became a guarantee of overproduction and Government purchases.

Our bill will immediately remove some of the worst inequities of the present program. Under our bill additional peanuts may be used as seed. Under our bill, the Government may buy additional peanuts for nutrition programs, defense, prison meals, and other uses, saving the taxpayers millions. We would change the rules for the loan programs, so that additional growers would not have to offset losses of quota program.

After 2000, the quota system is ended. Farmers will not be left defenseless in a terrible year, because a recourse loan will be available with the loan level at 70 percent of the estimated market price. This provides a safety net, without the market distortions of the present program.

Our bill is real reform. It is also market oriented. It gets the Government out of the market place and lets the farmers farm.

Opponents of reform will contend that reform will destroy local economies in peanut areas. But with over half of the benefits going to quota owners who rent to others, the program mainly helps the wealthy—at the expense of farmers, consumers, and taxpayers. Most of the economic benefits of the system leave the local area and often the State. As I mentioned earlier, for farmers who rent, quota rent is biggest single cost—16 percent—and program increases the cost of seed and land—another 12 percent. In all, 28 percent of a renter's production costs are attributable to quota. The quota is mainly held by big farmers. The small farmers receive few of the benefits. In fact, 23 percent of farmers do not use quota. Either they have no access or they do not find renting quota worth the trouble.

This bill is strong medicine for an ailing program, but it will have benefits compared with current law. USDA analysis of a phase-down versus an extension of the status quo shows that by 2005/2006 under the status quo imports will be 124 million pounds but under a phase-down they will be 25 million pounds. Their analysis further shows that with the status quo, the effective price, that is the price that a quota renter would get after subtracting the quota rent would be 22.13 cents per pound, while with a phase-down it would be 26.35 cents per pound. These numbers do not include changes in seed or land costs, which make a phase-down look even more attractive. The bottom line is that phasing down quota and price supports will increase farmers income by $164 million over the next 5 years. Wealthy investors, the quota holders, are the only losers. They lose $310 million in quota rent.

Mr. President, the peanut program is Government gone wrong. The main support for program is by quota owners—most of whom are not peanut farmers. For them the program creates a lucrative return on their investment. This lucrative return comes directly from the farmers, who the program was supposed to help. This program treats farmers unfairly. Some farmers own quota, and get all the benefits of the artificially high price. Most must rent quota and must pay someone else to get access to the high price. Finally, some farmers have no access to quota and are excluded from the program. Instead they must sell their peanuts for export or to be crushed. In either case, the price is much lower than the quota price.

The existing program penalizes consumers. Unreformed, it would increase prices to first buyers by at least $1.5 billion over next five years. The program costs U.S. jobs and wastes Government money. In the absence of serious reform, the program may kill the goose that laid the golden egg by undermining the economics of domestic peanuts until the demand for domestic peanuts is too low to support handlers.

Mr. President, the evidence is clear that the peanut program no longer benefits farmers or rural communities in the way that was originally intended.

In fact, continuing the program without substantial changes will hurt farmers and poor, rural communities by making American peanuts uncompetitive in an increasingly global economy. If our products cannot compete, then real Americans lose jobs.

If we do not change this program now, there will be no peanut industry left to save by the next farm bill. It is time to reform this terrible program. This is the bill to do it.

---

By Mr. DEWINE (for himself and Mr. GRAHAM):

S. 1189. A bill to provide procedures for claims for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products; to the Committee on the Judiciary.

THE RICKY RAY HEMOPHILIA RELIEF FUND ACT OF 1995

Mr. DEWINE. Mr. President, I rise today to introduce, along with my distinguished colleague Senator GRAHAM of Florida, the Ricky Ray Hemophilia Act of 1995. This legislation will serve as the counterpart to similar legislation introduced in the House of Representatives by Representative GOSS of Florida.

Mr. President, the purpose of this legislation is to offer some measure of relief to families that have suffered serious medical and financial setbacks because of their reliance on the Federal Government's protection of the blood supply.

Last month, the Institute of Medicine released the findings of a major investigation into how America's hemophilia community came to be decimated by the HIV virus.

In the early 1980's, America's blood supply was contaminated with HIV. Many Americans have become HIV-positive by transfusions of the HIV-tainted blood.

One particular group of Americans has been extremely hard-hit by this public health disaster. There are approximately 16,000 Americans who require lifelong treatment for hemophilia, a genetic condition that impairs the ability of blood to clot effectively.

In the early 1980's, more than 90 percent of the Americans suffering from Severe hemophilia were infected by the HIV virus.

More than 90 percent.

That is a major human tragedy. And the IOM report has alarming things to say about the level of Federal Government culpability for this disaster.

Point One. The Federal agencies responsible for blood safety did not show the appropriate level of diligence in screening the blood supply.

In January 1983, scientists from the Center for Disease Control recommended that blood banks use donor screening and deferral to protect the blood supply. According to the IOM report, and I quote, ''it was reasonable''—based on the scientific evidence available in January 1983—''to require blood banks to implement these two screening procedures.''

The report says—and I quote—that ''Federal authorities consistently chose the least aggressive option that was justifiable'' on donor screening and deferral.

The report's conclusion is—and I quote:

> The FDA's failure to require this is evidence that the agency did not adequately use its regulatory authority and therefore missed opportunities to protect the public health.

End of quote.

By January 1983, epidemiological studies by the Center for Disease Control strongly suggested that blood products transmitted HIV. First of all, it was becoming clear that blood recipients were getting AIDS—even though the recipients were not members of a known high-risk group. Second, the epidemiological pattern of AIDS was similar to that of another blood-borne disease (hepatitis).

According to the report, these two facts should have been enough of a tip-off to the public health authorities. As early as December 1982, the report says,

> [p]lasma collection agencies had begun screening potential donors and excluding those in any of the known risk groups.

The report says that Federal authorities should have required blood banks to do the same.

Point Two. The Federal agencies did not move as quickly as they should have to approve blood products that were potentially safer.

The IOM report says that certain heat treatment processes—processes that could have prevented many cases of AIDS in the hemophilia community—could have been developed earlier than 1980. I quote:

> In the interval between the decisions of early 1983 and the availability of a blood test for HIV in 1985, public health and blood industry officials became more certain that AIDS among hemophiliacs and transfused patients grew. As their knowledge grew, these officials had to decide about recall of contaminated blood products and possible implementation of a surrogate test for HIV. Meetings of the FDA's Blood Product Advisory Committee in January, February, July and December 1983 offered major opportunities to discuss, consider, and reconsider the limited tenor of the policies.

I say again, Mr. President: Major opportunities.

Major opportunities to change the course of the Government's blood-protection policies.

The report continues, and I quote:

> For a variety of reasons, neither physicians . . . nor the Public Health Service agencies actively encouraged the plasma fractionation companies to develop heat treatment measures earlier.
>
> Despite these opportunities and others to review new evidence and to reconsider earlier decisions, blood safety policies changed very little during 1983.

Mr. President, I cannot avoid agreeing with the conclusion of this report: ''[T]he unwillingness of the regulatory agencies to take a lead role in the crisis'' was one of the key factors that ''resulted in a delay of more than one year in implementing strategies to screen donors for risk factors associated with AIDS.''

Point Three. The Federal Government did not warn the hemophilia community, when the Government knew—or should have known—that there were legitimate concerns that the blood supply might not be safe.

According to the report, ''a failure of [government] leadership may have delayed effective action during the period from 1982 to 1984. This failure led to less than effective donor screening, weak regulatory actions, and''—this is the key, Mr. President—''insufficient communication to patients about the risks of AIDS.''

As a result, Mr. President, and I am again quoting from the report: ''individuals with hemophilia and transfusion recipients had little information about risks, benefits, and clinical options for their use of blood and blood products.'' The response of ''policymakers'' was ''very cautious and exposed the decision makers and their organizations to a minimum of criticism.''

In effect, Mr. President, the inertial reflex of bureaucratic caution led to a serious failure to protect the public health.

The Americans suffering from hemophilia were relying on their Government to exercise due care about the safety of the blood supply. It is my view, in light of the very important report released by the IOM, that the Government failed to meet its responsibilities to the hemophilia community.

The Government's failure caused serious harm to real people—people who were counting on the Government to meet its responsibilities.

A woman in Grove City, OH, lost her husband to AIDS and hemophilia two years ago. She writes—and I would like to quote this: ''[He] was a young man who died of AIDS from bad factor''—

Factor, Mr. President, is a product that helps blood to clot—a crucially important medical product for people who suffer from hemophilia.

She writes: He ''died of AIDS from bad factor, something . . . which we thought was saving his life, only to find that it would be a death sentence.''

This woman is speaking for every person in the hemophilia community who has lost a loved one because of the tainted blood supply.

A young woman from Jackson County, OH, tells a similar story. Her father was a farmer who had hemophilia. She writes:

> When a blood product (Factor IV) to help stop his bleeding came along, it opened up so many doors for him. He could now do his work not in pain . . . it would now be easier to just walk around. This medicine was thought to be a miracle. But things began to unravel, when I was 18, I found out my father was HIV positive, he had been infected from contaminated factor IV. He died approx. 1½

years later but not before he was stripped of self esteem, dignity, and the ability to do anything that made him who he was. . . .

He lost his ability to trust.

Trust, Mr. President. That is what this legislation is all about. A substantial number of citizens trusted the Government to exercise due vigilance, and the Government let them down. It is only right that the Government try to offer them some measure of relief.

Let me say a few words about the actual legislation I am introducing today. Mr. President, I recognize the budgetary realities we have to confront. As we move through the process, we will have to address the issue of compensation. I think it is absolutely essential that we begin this process—now.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1189

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Ricky Ray Hemophilia Relief Fund Act of 1995''.

**SEC. 2. FINDINGS AND PURPOSE.**

(a) FINDINGS.—The Congress finds that—

(1) the Federal Government through the Secretary of Health and Human Services has the authority to protect the safety of the blood supply and blood products sold in this country;

(2) according to the 1995 Institute of Medicine Study entitled ''HIV and the Blood Supply'', the failure of the Federal Government to use its authority with regard to the safety of the blood supply and the blood products led to missed opportunities to prevent the spread of the human immunodeficiency virus (HIV) through blood and blood products;

(3) blood-clotting agents, called antihemophilic factor, that are used in the treatment of hemophilia are manufactured from the blood plasma of 10,000 to 20,000 or more donors, placing persons with hemophilia at particularly high risk for HIV during the period of 1980 to 1987;

(4) the failure of the Federal Government and the blood products industry to develop and implement known viral hepatitis inactivation processes prior to 1983 resulted in the exposure of the blood supply and blood products to HIV;

(5) although heat treatment of blood-clotting products became available in 1983, the Federal Government did not require the recall of nonheat treated products until 1989;

(6) as evidence became available concerning the transmission of HIV through the blood supply and blood products, the Federal Government did not take necessary and prompt action; failing to either require the blood industry to implement donor screening and deferral practices or to require the automatic recall of products linked to donors with or suspected of having AIDS;

(7) the Federal Government did not require the blood products industry to communicate directly with individuals with blood-clotting disorders regarding treatment options and the risks associated with contaminated blood products, nor did the Federal Government attempt to communicate fully to such individuals regarding these risks and possible treatment options;

(8) although a blood test for HIV became available in 1985, the Federal Government did not appropriately propose recommendations for a ''lookback'', the process of tracing recipients of possibly infected blood products, until 1991;

(9) individuals with blood-clotting disorders, such as hemophilia, who have HIV infections incur annual medical costs that often exceed $150,000, due to the expense of the necessary medications and the complications caused by the combination of the 2 illnesses;

(10) Ricky Ray was born with hemophilia and, like his 2 younger brothers and thousands of others, became infected with the deadly HIV through use of contaminated blood-clotting products;

(11) Ricky Ray and his family have brought national attention to the suffering of individuals with blood-clotting disorders, such as hemophilia, and their families, who have been devastated by HIV; and

(12) Ricky Ray died at the age of 15 on December 13, 1992, of hemophilia-associated AIDS, and this Act should bear his name.

(b) PURPOSE.—It is the purpose of this Act to establish a procedure to make partial restitution to individuals who were infected with HIV after treatment, during the period beginning in 1980 and ending in 1987, with contaminated blood products.

**SEC. 3. TRUST FUND.**

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund to be known as the ''Ricky Ray Hemophilia Relief Fund'', which shall be administered by the Secretary of the Treasury.

(b) INVESTMENT OF AMOUNTS IN FUND.—Amounts in the Fund shall be invested in accordance with section 9702 of title 31, United States Code, and any interest on and proceeds from any such investment shall be credited to and become part of the Fund.

(c) AVAILABILITY OF FUND.—Amounts in the Fund shall be available only for disbursement by the Attorney General under section 5.

(d) TERMINATION.—The Fund shall terminate upon the expiration of the 5-year period beginning on the date of the enactment of this Act. If all of the amounts in the Fund have not been expended by the end of the 5-year period, investments of amounts in the Fund shall be liquidated, the receipts of such liquidation shall be deposited in the Fund, and all funds remaining in the Fund shall be deposited in the miscellaneous receipts account in the Treasury of the United States.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Fund to carry out this Act $1,000,000,000.

**SEC. 4. CLAIMS RELATING TO BLOOD-CLOTTING DISORDERS AND HIV.**

Any individual who submits to the Attorney General written medical documentation that the individual has an HIV infection shall receive $125,000, from amounts available in the Fund, if each of the following conditions is met:

(1) CHARACTERISTICS OF INDIVIDUAL.—The individual is described in 1 of the following subparagraphs:

(A) The individual has any form of blood-clotting disorder, such as hemophilia, and was treated with blood-clotting agents (in the form of blood components or blood products) at any time during the period beginning on January 1, 1980, and ending on December 31, 1987.

(B) The individual—

(i) is the lawful spouse of an individual described in subparagraph (A); or

(ii) is the former lawful spouse of an individual described in subparagraph (A) and was the lawful spouse of the individual at any time after a date, within the period described in such subparagraph, on which the individual was treated as described in such subparagraph.

(C) The individual acquired the HIV infection through perinatal transmission from a parent who is an individual described in subparagraph (A) or (B).

(2) CLAIM.—A claim for the payment is filed with the Attorney General by or on behalf of the individual.

(3) DETERMINATION.—The Attorney General determines, in accordance with section 5(b), that the claim meets the requirements of this Act.

**SEC. 5. DETERMINATION AND PAYMENT OF CLAIMS.**

(a) ESTABLISHMENT OF FILING PROCEDURES.—The Attorney General shall establish procedures under which individuals may submit claims for payment under this Act. The procedures shall include a requirement that each claim filed under this Act include written medical documentation that the relevant individual described in section 4(1)(A) has a blood-clotting disorder, such as hemophilia, and was treated as described in such section.

(b) DETERMINATION OF CLAIMS.—For each claim filed under this Act, the Attorney General shall determine whether the claim meets the requirements of this Act.

(c) PAYMENT OF CLAIMS.—

(1) IN GENERAL.—The Attorney General shall pay, from amounts available in the Fund, each claim that the Attorney General determines meets the requirements of this Act.

(2) PAYMENTS IN CASE OF DECEASED INDIVIDUALS.—

(A) IN GENERAL.—In the case of an individual referred to in section 4 who is deceased at the time that payment is made under this section on a claim filed by or on behalf of the individual, the payment shall be made to the estate of the individual, if such an estate exists. If no such estate exists, the payment may be made only as follows:

(i) If the individual is survived by a spouse who is living at the time of payment, the payment shall be made to such surviving spouse.

(ii) If the individual is not survived by a spouse described in clause (i), the payment shall be made in equal shares to all children of the individual who are living at the time of the payment.

(iii) If the individual is not survived by a person described in clause (i) or (ii), the payment shall be made in equal shares to the parents of the individual who are living at the time of payment.

(B) FILING OF CLAIM BY ESTATE OR SURVIVOR.—If an individual eligible for payment under section 4 dies before filing a claim under this Act—

(i) the estate of the individual, if such an estate exists, may file a claim for payment under this Act on behalf of the individual; or

(ii) if no such estate exists, a survivor of the individual may file a claim for payment under this Act on behalf of the individual if the survivor may receive payment under subparagraph (A).

(C) DEFINITIONS.—For purposes of this paragraph:

(i) The term ''spouse'' means an individual who was lawfully married to the relevant individual.

(ii) The term ''child'' includes a recognized natural child, a stepchild who lived with the relevant individual in a regular parent-child relationship, and an adopted child.

(iii) The term ''parent'' includes fathers and mothers through adoption.

(3) TIMING OF PAYMENT.—The Attorney General may not make a payment on a claim under this Act before the expiration of the 90-day period beginning on the date of the enactment of this Act or after the expiration of the 5-year period beginning on the date of the enactment of this Act.

(4) CHOICE OF PAYMENT METHODS.—An individual whom the Attorney General determines to be entitled to a payment under subsection (c)(1) may choose to receive the payment in the form of—

(A) a lump sum of $125,000, which shall be paid not later than 90 days after the Attorney General determines that the individual is entitled to receive payment under subsection (c)(1); or

(B) 4 subpayments, of which—

(i) the 1st subpayment shall consist of $50,000 and shall be paid not later than 90 days after the Attorney General determines that the individual is entitled to receive payment under subsection (c)(1); and

(ii) the 2d, 3d, and 4th subpayments shall each consist of $25,000 and shall each be paid upon the expiration of the 6-month period beginning on the date of the preceding subpayment.

(d) ACTION ON CLAIMS.—The Attorney General shall complete the determination required by subsection (b) regarding a claim not later than 90 days after the claim is filed under this Act.

(e) PAYMENT IN FULL SETTLEMENT OF CLAIMS AGAINST UNITED STATES.—Payment under this Act, when accepted by an individual described in section 4 or by the estate of or a survivor of such an individual on behalf of the individual, shall be in full satisfaction of all claims of or on behalf of the individual against the United States (but not against any other person or entity) that arise out of both an HIV infection and treatment, at any time during the period beginning on January 1, 1980, and ending on December 31, 1987, with blood-clotting agents (in the form of blood components or blood products).

(f) ADMINISTRATIVE COSTS NOT PAID FROM FUND.—No costs incurred by the Attorney General in carrying out this Act may be paid from the Fund or set off against, or otherwise deducted from, any payment made under subsection (c)(1).

(g) TERMINATION OF DUTIES OF ATTORNEY GENERAL.—The duties of the Attorney General under this section shall cease when the Fund terminates.

(h) TREATMENT OF PAYMENTS UNDER OTHER LAWS.—A payment under subsection (c)(1) to an individual or an estate—

(1) shall be treated for purposes of the internal revenue laws of the United States as damages received on account of personal injuries or sickness; and

(2) shall not be included as income or resources for purposes of determining the eligibility of the individual to receive benefits described in section 3803(c)(2)(C) of title 31, United States Code, or the amount of such benefits.

(i) USE OF EXISTING RESOURCES.—The Attorney General should use funds and resources available to the Attorney General to carry out the functions of the Attorney General under this Act.

(j) REGULATORY AUTHORITY.—The Attorney General may issue regulations necessary to carry out this Act.

(k) TIME OF ISSUANCE OF REGULATIONS, GUIDELINES, AND PROCEDURES.—The initial regulations, guidelines, and procedures to carry out this Act shall be issued not later than 90 days after the date of the enactment of this Act.

(l) JUDICIAL REVIEW.—An individual whose claim for compensation under this Act is denied may seek judicial review solely in a district court of the United States. The court shall review the denial on the administrative record and shall hold unlawful and set aside the denial if the denial is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

**SEC. 6. LIMITATION ON TRANSFER AND NUMBER OF CLAIMS.**

(a) CLAIMS NOT ASSIGNABLE OR TRANSFERABLE.—A claim under this Act shall not be assignable or transferable.

(b) 1 CLAIM WITH RESPECT TO EACH VICTIM.—With respect to each individual described in subparagraph (A), (B), or (C) of section 4(1), the Attorney General may not pay more than 1 claim filed to receive compensation under this Act for the harm suffered by the individual.

**SEC. 7. LIMITATIONS ON CLAIMS.**

The Attorney General may not pay any claim filed under this Act unless the claim is filed within 3 years after the date of the enactment of this Act.

**SEC. 8. CERTAIN CLAIMS NOT AFFECTED BY PAYMENT.**

A payment made under section 5(c)(1) shall not be considered as any form of compensation, or reimbursement for a loss, for purposes of imposing liability on the individual receiving the payment, on the basis of such receipt, to repay any insurance carrier for insurance payments or to repay any person on account of worker's compensation payments. A payment under this Act shall not affect any claim against an insurance carrier with respect to insurance or against any person with respect to worker's compensation.

**SEC. 9. LIMITATION ON AGENT AND ATTORNEY FEES.**

Notwithstanding any contract, the representative of an individual may not receive, for services rendered in connection with the claim of an individual under this Act, more than 5 percent of a payment made under this Act on the claim. Any such representative who violates this section shall be fined not more than $50,000.

**SEC. 10. DEFINITIONS.**

For purposes of this Act:

(1) The term ''AIDS'' means acquired immune deficiency syndrome.

(2) The term ''Fund'' means the Ricky Ray Hemophilia Relief Fund.

(3) The term ''HIV'' means human immunodeficiency virus.

• Mr. GRAHAM. Mr. President, I am pleased to be announcing the introduction of the Ricky Ray Hemophilia Relief Fund Act of 1995 with Senator DEWINE in the U.S. Senate. This legislation is a companion to H.R. 1023, which was introduced by Florida Congressman PORTER GOSS and now has 115 cosponsors.

The introduction of this bill comes less than a month after the release of a report by the National Academy of Sciences's Institute of Medicine [IOM] entitled ''HIV and the Blood Supply: An Analysis of Crisis Decisionmaking.''

The report, issued on July 13, 1995, came about as a result of a request in April 1993 from Senator KENNEDY, Congressman GOSS and me to Secretary of Health and Human Services Donna Shalala to open an investigation into the events leading to the transmission of HIV to persons with hemophilia from the use of contaminated blood products regulated by the U.S. Government.

Secretary Shalala commissioned the study by the IOM. The report was the final product of an 18-month extensive review by an independent, scientific panel of experts of the events between 1982 and 1986 that lead to the infection of over 8,000 persons with hemophilia with HIV through the use of blood products.

The IOM report is critical in understanding how this tragedy came to be and what actions need to be taken to change the system and better protect the blood supply in the future from other unforeseen viruses. The report's chronology of events tells a tragic story when the first case of immune deficiency linked to blood products was reported in a Floridian with hemophilia in January 1982.

As also documented in Randy Shilt's book ''And the Band Played On: Politics. People and the AIDS Epidemic,'' evidence grew over the year that others with hemophilia were being infected and at least two transfusion-related AIDS cases were also reported. In June 1982, the first warning was issued by the Centers for Disease Control [CDC] to clotting-concentrate manufacturers, other Federal health agencies and the National Hemophilia Foundation.

According to Harvey M. Sapolsky and Stephen L. Boswell in ''The History of Transfusion AIDS: Practice and Policy Alternatives,'' ''Weighing this evidence, the CDC epidemiologists began warning representatives of the several blood-banking organizations that the blood supply was possibly being contaminated with AIDS. These discussions culminated in a meeting in Atlanta in early January 1983, at which proposals were presented to screen out from the blood donor pool members of high-risk groups.''

Sapolsky and Boswell add, ''The opposition of the whole-blood collectors delayed governmental action intended to reduce the risks of AIDS transmission through transfusions. It was not until March 1983 that the Centers for Disease Control made public the recommendations for widespread screening.'' Moreover, it was not until even February 1984 that manufacturers included warnings about AIDS on their blood products—over 18 months after CDC's original warning.

Calls for blood testing for evidence of hepatitis B with a core antibody test were also being made during the period. According to Sapolsky and Boswell, ''The Food and Drug Administration's Blood Products Advisory Committee studied the issues pertaining to screening the blood supply in early 1984, concluding that surrogate testing, and most specifically the hepatitis B core antibody test, was not appropriate as a means of identifying those at high risk for developing AIDS because it screened out too much of the blood supply.'' While some testing did occur like that at Stanford University Blood Bank, it was far from pervasive.

In March 1985, the FDA licensed and put into place the first blood test for HIV antibodies. Meanwhile, due to the fact that clotting factors are made from pooled plasma lots composed of thousands of donors, approximately one-half of the estimated 20,000 Americans with hemophilia contracted AIDS. The result was, as Michael McLeod reports in his article''Bad Blood'' which

was printed in the Orlando Sentinel on December 19, 1993, ''a quiet death march, caused by one of the worst medically induced calamities in history—one that has claimed more than 1,600 Americans already, with at least 8,000 more sure to follow.''

With respect to some of the clear steps that could have been taken in the early 1980's to protect the blood supply, the IOM writes:

''* * * preference for the status quo under the prevailing conditions of uncertainty and danger led decision makers to underestimate the threat of AIDS for blood recipients. The Committee concluded that when confronted with a range of options for using donor screening and deferral to reduce the probability of spreading HIV through the blood supply, blood bank officials and federal authorities consistently chose the least aggressive option * * * The FDA's failure to require [the implementation of screening procedures] is evidence that the agency did not adequately use its regulatory authority and therefore missed opportunities to protect the public health.

A passage from Michael Crichton's book ''The Andromeda Strain'' is particularly relevant to this report. It reads:

* * * I think it is important that the story be told. This country supports the largest scientific establishment in the history of mankind. New discoveries are constantly being made, and many of these discoveries have important political and social overtones. In the near future, we can expect more crises on the pattern of Andromeda. Thus I believe it is useful for the public to be made aware of the way in which scientific crises arise, are dealt with.

As a result, I urge the Government Affairs Committee and Labor and Human Resources Committee to closely review this report, to learn from past mistakes, and to move quickly to enact the 14 recommendations made by the IOM to improve the safety of our Nation's blood supply.

In recommendation No. 3, the IOM panel proposes a no-fault compensation program prospectively for future victims who suffer adverse consequences from the use of blood and blood products. Although the IOM panel felt that the question of what to do about past victims were outside its purview, the IOM suggests that its protective recommendation ''might serve to guide policymakers as they consider whether to implement a compensation system for those infected in the 1980's.''

As a result, I urge my colleagues to review the Ricky Ray Hemophilia Relief Fund Act, which establishes a compensation program for the victims of HIV infection from blood products in the 1980's. It is based on the premise that the Federal Government shares responsibility for what happened. As the IOM writes, ''* * * public concern about the inherent risks of blood and blood products has led the federal government through the agencies of the U.S. Public Health Service to take the lead in ensuring blood safety.''

Unfortunately for the hemophilia community, the Federal Government through the Food and Drug Administration [FDA] failed to adequately protect the blood supply in the early 1980's because it ''did not adequately use its regulatory authority,'' did not heed the warnings made by the Centers for Disease Control and Prevention [CDC] about the danger to the blood supply, ''consistently chose the least aggressive option that was justifiable'' and overly relied on the blood industry ''for analysis of data and modeling of decision making.''

The IOM concludes in its executive summary that:

The National Blood Policy of 1973 charges the Public Health Service (including the CDC, the FDA, and the NIH) with responsibility for protecting the nation's blood supply. The Committee has come to believe that a failure of leadership may have delayed effective action during the period from 1982 to 1984. This failure led to less than effective donor screening, weak regulatory actions, and insufficient communication to patients about the risks of AIDS.

As for the title of this bill, it is named after a victim from the State of Florida. On December 13, 1992, Ricky Ray, a teenage boy in east Orange County, FL, died at home after his 6-year battle against AIDS and 15-year or lifelong battle with hemophilia. I attended Ricky's funeral later that week and read a letter from then President-elect Bill Clinton who, like I, was profoundly affected by this incredible human being and his family.

In remembering Ricky, words such as perseverance and wisdom come to mind. Ricky and his family have, since that revelation in 1986, lived with the pain and questions caused by this horrible virus called AIDS. If that is not enough, there was also the pain of being banned from school in 1987, having their home burned down by an arsonist shortly thereafter, and spending a tremendous amount of time in court fighting with the DeSoto County School District and the pharmaceutical companies that sold the Ray family the contaminated blood products.

Despite it all, Ricky was committed to teach others about his disease. His mother, Louise Ray, said of Ricky in an article written by Monica Davey at the St. Petersburg Times, ''He believed that his track in life was to educate people about a disease that nobody knew about. He believed that was his purpose.'' His father Clifford added, ''Ricky was a very old soul. He had a wisdom about him.''

Like others with hemophilia and AIDS, Ricky was interested in answers to the questions of why. Why did this happen and why was not more done to prevent this tragedy? As a result, it is in his name that the request for the IOM report was made and that this bill is named.

As Harold L. Dalton, an editor of ''AIDS Law Today: A New Guide for the Public,'' writes:

. . . we should remember that just as the law frames society's response to the AIDS epidemic, the society as a whole shapes the law. Like it or not, we must decide what kind of society we will be: mean-spirited, shortsighted, and judgmental or compassionate, clearheaded, and accepting. In the end, society will determine where the burden of AIDS—social, financial, and emotional—will fall. We can make the choice consciously and purposely, or we can make it by indirection or default, but make it we will.

When Ricky saw the headline that ''Ryan White loses battle with AIDS,'' he was very upset. As quoted by McLeod, he said to his mother, ''If I die, don't let them write that about me. Don't let them say that I lost. Just because you die, that doesn't mean you gave up. That doesn't mean you lost.'' Ricky is right because his call for answers, help for those with AIDS and fight for the safety of the blood supply lives on.●

---

By Mr. DEWINE (for himself and Mr. GLENN):

S. 1190. A bill to establish the Ohio & Erie Canal National Heritage Corridor in the State of Ohio, and for other purposes; to the Committee on Energy and Natural Resources.

NORTHEAST CORRIDOR LEGISLATION

Mr. DEWINE. Mr. President, I rise today to introduce legislation that will establish an 87-mile section of the Ohio and Erie Canal between Cleveland and Zoar, OH, as a National Heritage Corridor.

Mr. President, the people of northeast Ohio are committed to preserving the rich historical heritage of this part of our State.

I think the kind of Federal protection envisioned by this legislation is long overdue.

In 1991, Congress funded a study by the National Park Service to explore the proposed corridor area—and to examine various suggestions on how to make the best possible use of this terrific resource.

The Park Service's research concluded that this area was suitable for inclusion in the National Park System as an affiliated area.

The bill I am introducing would act on that recommendation.

This bill would establish funding for the project through a cost-shared public-private partnership with the Department of the Interior. It requires that every Federal dollar be matched—one-for-one—by money from local investors.

Mr. President, knowing the great enthusiasm that exists for this project in the numerous affected communities in northeast Ohio, I am extremely confident about the response we can expect to this system of matching funds.

The bill provides for up to $250,000 per year for 3 years in funding for the management entity of this historic corridor.

In addition, it provides for development grants of $1.5 million per year for up to 6 years. These grants would require a 70-percent non-Federal match.

Mr. President, Ohio is ready to grant one of its most beautiful and historic areas the measure of respect and protection it truly deserves. I agree with

the National park Service—and with the people of Ohio—on this issue. And that's why I am proposing this legislation today.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1190

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Ohio & Erie Canal National Heritage Corridor Act of 1995''.

**SEC. 2. FINDINGS AND PURPOSE.**

(a) FINDINGS.—Congress finds that—

(1) the Ohio & Erie Canal, which opened for commercial navigation in 1832, was the first inland waterway to connect the Great Lakes at Lake Erie with the Gulf of Mexico via the Ohio and Mississippi Rivers and a part of a canal network in Ohio that was one of America's most extensive and successful systems during a period in history when canals were essential to the Nation's growth;

(2) the Ohio & Erie Canal spurred economic growth in the State of Ohio that took the State from near bankruptcy to the third most economically prosperous State in the Union in just 20 years;

(3) a 4-mile section of the Ohio & Erie Canal was designated a National Historic Landmark in 1966 and other portions of the Ohio & Erie Canal and many associated structures were placed on the National Register of Historic Places;

(4) in 1974, 19 miles of the Ohio & Erie Canal were declared nationally significant under National Park Service new area criteria with the designation of Cuyahoga Valley National Recreation Area;

(5) the National Park Service found the Ohio & Erie Canal nationally significant in a 1975 study entitled ''Suitability/Feasibility Study, Proposed Ohio & Erie Canal'';

(6) a 1993 Special Resources Study of the Ohio & Erie Canal Corridor conducted by the National Park Service entitled ''A Route to Prosperity'' has concluded that the corridor is eligible as a National Heritage Corridor; and

(7) local governments, the State of Ohio and private sector interests have embraced the heritage corridor concept and desire to enter into partnership with the Federal Government to preserve, protect, and develop the corridor for public benefit.

(b) PURPOSES.—The purposes of this Act are—

(1) to preserve and interpret for the educational and inspirational benefit of present and future generations the unique and significant contributions to our national heritage of certain historic and cultural lands, waterways, and structures within the 87-mile Ohio & Erie Canal Corridor between Cleveland and Zoar;

(2) to encourage within the corridor a broad range of economic opportunities enhancing the quality of life for present and future generations;

(3) to provide a management framework to assist the State of Ohio, political subdivisions of the State, and nonprofit organizations, or combinations thereof, in preparing and implementing an integrated Corridor Management Plan and in developing policies and programs that will preserve, enhance, and interpret the cultural, historical, natural, recreation, and scenic resources of the corridor; and

(4) to authorize the Secretary to provide financial and technical assistance to the State of Ohio, political subdivisions of the State, and nonprofit organizations, or combinations thereof, in preparing and implementing a Corridor Management Plan.

**SEC. 3. DEFINITIONS.**

In this Act:

(1) ADVISORY COMMISSION.—The term ''Advisory Commission'' means the Ohio & Erie Canal National Heritage Corridor Advisory Commission established under section 5.

(2) CORRIDOR.—The term ''corridor'' means the Ohio & Erie Canal National Heritage Corridor established under section 4.

(3) CORRIDOR MANAGEMENT PLAN.—The term ''Corridor Management Plan'' means the management plan developed under section 9.

(4) FINANCIAL ASSISTANCE.—The term ''financial assistance'' means funds made available by Congress, and made available to the management entity, for the purposes of preparing and implementing a Corridor Management Plan.

(5) MANAGEMENT ENTITY.—The term ''management entity'' means the State of Ohio, political subdivisions of the State, and private nonprofit organizations, or any combination thereof, as designated by the Secretary pursuant to section 7(a) to receive, distribute, and account for Federal funds made available for the purposes of this Act.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(7) TECHNICAL ASSISTANCE.—The term ''technical assistance'' means any guidance, advice, help, or aid, other than financial assistance, provided by the Secretary.

**SEC. 4. OHIO & ERIE CANAL NATIONAL HERITAGE CORRIDOR.**

(a) ESTABLISHMENT.—There is established in the State of Ohio the Ohio & Erie Canal National Heritage Corridor.

(b) BOUNDARIES.—

(1) IN GENERAL.—The boundaries of the corridor shall be composed of the lands that area generally follow the route of the Ohio & Erie Canal from Cleveland to Zoar, Ohio, as depicted in the 1993 National Park Service Special Resources Study, ''A Route to Prosperity'', subject to paragraph (2). The specific boundaries shall be the boundaries specified in the management plan submitted under section 9. The Secretary shall prepare a map of the area which shall be on file and available for public inspection in the office of the Director of the National Park Service.

(2) CONSENT OF LOCAL GOVERNMENTS.—No privately owned property shall be included within the boundaries of the corridor unless the municipality in which the property is located agrees to be so included and submits notification of the agreement to the Secretary.

(c) ADMINISTRATION.—The corridor shall be administered in accordance with this Act.

**SEC. 5. OHIO & ERIE CANAL NATIONAL HERITAGE CORRIDOR ADVISORY COMMISSION.**

(a) ESTABLISHMENT.—The Secretary is authorized to establish the Ohio & Erie Canal National Heritage Corridor Advisory Commission whose purpose shall be to assist Federal, State, and local authorities and the private sector in the preparation and implementation of an integrated Corridor Management Plan.

(b) MEMBERSHIP.—The Advisory Commission shall be comprised of 21 members, as follows:

(1) 4 individuals appointed by the Secretary, after consideration of recommendations submitted by the Greater Cleveland Growth Association, the Akron Regional Development Board, the Stark Development Board, and the Tuscarawas County Chamber of Commerce, who shall include 1 representative of business and industry from each of the Ohio counties of Cuyahoga, Summit, Stark, and Tuscarawas.

(2) 1 individual appointed by the Secretary, after consideration of recommendations submitted by the Director of the Ohio Department of Travel and Tourism, who is a director of a convention and tourism bureau within the corridor.

(3) 1 individual appointed by the Secretary, after consideration of recommendations submitted by the Ohio Historic Preservation Officer, with knowledge and experience in the field of historic preservation.

(4) 1 individual appointed by the Secretary, after consideration of recommendations submitted by the Director of the National Park Service, with knowledge and experience in the field of historic preservation.

(5) 3 individuals appointed by the Secretary, after consideration of recommendations submitted by the county or metropolitan park boards in the Ohio counties of Cuyahoga, Summit, and Stark.

(6) 8 individuals appointed by the Secretary, after consideration of recommendations submitted by the county commissioners or county chief executive of the Ohio counties of Cuyahoga, Summit, Stark and Tuscarawas, including from each county—

(A) 1 representative of the planning offices of the county; and

(B) 1 representative of a municipality in the county.

(7) 2 individuals appointed by the Secretary, after consideration of recommendations submitted by the Governor of Ohio, who shall be representatives of the Directors of the Ohio Department of Natural Resources and the Ohio Department of Transportation.

(8) The Superintendent of the Cuyahoga Valley National Recreation Area, as an ex officio member.

(c) APPOINTMENTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), members of the Advisory Commission shall be appointed for terms of 3 years and may be reappointed.

(2) INITIAL APPOINTMENTS.—The Secretary shall appoint the initial members of the Advisory Commission not later than 30 days after the date on which the Secretary has received all recommendations pursuant to subsection (b). Of the members first appointed—

(A) the members appointed pursuant to subsection (b)(6)(B) shall be appointed to a term of 2 years and may not be reappointed to a consecutive term; and

(B) the member appointed pursuant to subsection (b)(2) shall be appointed to a term of 2 years and may not be reappointed to a consecutive term.

(d) CHAIRPERSON AND VICE CHAIRPERSON.—The chairperson and vice chairperson of the Advisory Commission shall be elected by the members of the Advisory Commission. The terms of the chairperson and vice chairperson shall be 2 years.

(e) VACANCY.—A vacancy in the Advisory Commission shall be filled in the manner in which the original appointment was made. Any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of the member was appointed shall be appointed only for the remainder of the term. Any member of the Advisory Commission appointed for a definite term may serve after the expiration of the term of the member until the successor of the member has taken office.

(f) COMPENSATION AND EXPENSES.—A member of the Advisory Commission shall serve without compensation for the service of the member on the Advisory Commission.

(g) QUORUM.—Eleven members of the Advisory Commission shall constitute a quorum.

(h) MEETINGS.—The Advisory Commission shall meet at least quarterly at the call of the chairperson or at least 11 members of the

Advisory Commission. Meetings of the Advisory Commission shall be subject to section 552b of title 5, United States Code.

(i) TERMINATION OF ADVISORY COMMISSION.—The Advisory Commission shall terminate on the date occurring 6 years after the Commission is established by the Secretary.

**SEC. 6. POWERS OF ADVISORY COMMISSION.**

(a) HEARINGS.—The Advisory Commission may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Advisory Commission considers appropriate. The Advisory Commission may not issue subpoenas or exercise any subpoena authority.

(b) BYLAWS.—The Advisory Commission may make such bylaws and rules, consistent with this Act, as the Commission considers necessary to carry out this Act.

(c) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Advisory Commission, if so authorized by the Advisory Commission, may take any action that the Advisory Commission is authorized to take under this Act.

**SEC. 7. DUTIES OF ADVISORY COMMISSION.**

(a) MANAGEMENT ENTITY.—On public solicitation of proposals from entities representing the State of Ohio, political subdivisions of the State, and nonprofit organizations, or combination thereof, the Advisory Commission shall, not later than 90 days after the first meeting of the Commission, submit a recommendation to the Secretary for designation of a management entity for the corridor pursuant to section 8.

(b) CORRIDOR MANAGEMENT PLAN.—On submission of a draft Corridor Management Plan to the Advisory Commission from the management entity, the Advisory Commission shall, not later than 60 days after submission, review the plan for consistency with the purposes of this Act and endorse the plan or return the plan to the management entity for revision. On endorsement of the Corridor Management Plan, the Advisory Commission shall submit the plan to the Secretary for approval pursuant to section 9.

(c) REVIEW OF BUDGET.—The Advisory Commission shall review on an annual basis the proposed expenditures of Federal funds by the management entity for consistency with the purpose of this Act and the Corridor Management Plan.

**SEC. 8. MANAGEMENT ENTITY.**

(a) DESIGNATION.—Not later than 30 days after the date on which the recommendation of the Advisory Commission is received pursuant to section 7(a), the Secretary shall designate the management entity.

(b) ELIGIBILITY.—To be eligible for designation as the management entity of the corridor, an entity must possess the legal ability to—

(1) receive Federal funds for use in preparing and implementing the management plan for the corridor;

(2) disburse Federal funds to other units of government or other organizations for use in preparing and implementing the management plan for the corridor;

(3) account for all Federal funds received or disbursed; and

(4) sign agreements with the Federal Government.

(c) FEDERAL FUNDING.—

(1) AUTHORIZATION TO RECEIVE.—The management entity is authorized to receive Federal funds made available to carry out this Act.

(2) DISQUALIFICATION.—If a management plan for the corridor is not submitted to the Secretary as required under section 9 within the time specified, the management entity shall cease to be eligible to receive Federal funding under this Act until such a plan regarding the corridor is submitted to the Secretary.

(d) AUTHORITIES OF MANAGEMENT ENTITY.—The management entity of the corridor may, for purposes of preparing and implementing the management plan for the area, use Federal funds made available under this Act—

(1) to make grants and loans to the State of Ohio, political subdivisions of the State, nonprofit organizations, and other persons;

(2) to enter into cooperative agreements with, or provide technical assistance to Federal agencies, the State of Ohio, political subdivisions of the State, nonprofit organizations, and other persons;

(3) to hire and compensate staff;

(4) to obtain funds from any source under any program or law requiring the recipient of the funds to make a contribution to receive the funds; and

(5) to contract for goods and services.

(e) DURATION OF ELIGIBILITY FOR FINANCIAL ASSISTANCE.—The management entity for the corridor shall be eligible to receive funds made available to carry out this Act for the following periods:

(1) OPERATIONS.—In the case of operating costs described in section 15(a)(1), for a period of 3 years beginning on the date the Secretary has designated the management entity pursuant to subsection (c).

(2) DEVELOPMENT.—In the case of development costs described in section 15(a)(2), for a period of 6 years beginning on the date the Secretary has designated the management entity pursuant to subsection (c).

(f) PROHIBITION OF ACQUISITION OF REAL PROPERTY.—The management entity for the corridor may not use Federal funds received under this Act to acquire real property or any interest in real property.

**SEC. 9. DUTIES OF MANAGEMENT ENTITY.**

(a) CORRIDOR MANAGEMENT PLAN.—

(1) SUBMISSION FOR REVIEW BY ADVISORY COMMISSION.—Not later than 18 months after the date on which the Secretary has designated a management entity for the corridor, the management entity shall develop and submit for review to the Advisory Commission a management plan for the corridor.

(2) PLAN REQUIREMENTS.—A management plan submitted under this Act shall—

(A) present comprehensive recommendations for the conservation, funding, management, and development of the corridor;

(B) be prepared with public participation;

(C) take into consideration existing Federal, State, county, and local plans and involve residents, public agencies, and private organizations in the corridor;

(D) include a description of actions that units of government and private organizations are recommended to take to protect the resources of the corridor;

(E) specify existing and potential sources of funding for the conservation, management, and development of the area; and

(F) include, as appropriate—

(i) an inventory of the resources contained in the corridor, including a list of property in the corridor that should be conserved, restored, managed, developed, or maintained because of the natural, cultural, or historic significance of the property as the property relates to the themes of the corridor;

(ii) a recommendation of policies for resource management that consider and detail the application of appropriate land and water management techniques, including the development of intergovernmental cooperative agreements to manage the historical, cultural, and natural resources and recreational opportunities of the corridor in a manner consistent with the support of appropriate and compatible economic viability;

(iii) a program, including plans for restoration and construction, for implementation of the management plan by the management entity and specific commitments, for the first 6 years of operation of the plan by the partners identified in the plan;

(iv) an analysis of means by which Federal, State, and local programs may best be coordinated to promote the purposes of this Act; and

(v) an interpretive plan for the corridor.

(3) APPROVAL AND DISAPPROVAL OF THE CORRIDOR MANAGEMENT PLAN.—

(A) IN GENERAL.—On submission of the Corridor Management Plan from the Advisory Commission, the Secretary shall approve or disapprove the plan not later than 60 days after receipt. If the Secretary has taken no action 60 days after receipt, the plan shall be considered approved.

(B) DISAPPROVAL AND REVISIONS.—If the Secretary disapproves the Corridor Management Plan, the Secretary shall advise the Advisory Commission, in writing, of the reasons for the disapproval and shall make recommendations for revisions of the plan. The Secretary shall approve or disapprove the proposed revisions to the plan not later than 60 days after receipt. If the Secretary has taken no action 60 days after receipt, the plan shall be considered approved.

(b) PRIORITIES.—The management entity shall give priority to the implementation of actions, goals, and policies set forth in the management plan for the corridor, including—

(1) assisting units of government, regional planning organizations, and nonprofit organizations in—

(A) conserving the corridor;

(B) establishing and maintaining interpretive exhibits in the corridor;

(C) developing recreational opportunities in the area;

(D) increasing public awareness of, and appreciation for, the natural, historical, and cultural resources of the corridor;

(E) the restoration of historic buildings that are located within the boundaries of the corridor that relate to the themes of the corridor; and

(F) ensuring that clear, consistent, and environmentally appropriate signs identifying access points and sites of interest are installed throughout the corridor; and

(2) consistent with the goals of the management plan, encouraging economic viability in the affected communities by appropriate means.

(c) CONSIDERATION OF INTERESTS OF LOCAL GROUPS.—The management entity shall, in preparing and implementing the management plan for the corridor, consider the interests of diverse units of government, businesses, private property owners, and nonprofit groups within the geographic area.

(d) PUBLIC MEETINGS.—The management entity shall conduct public meetings at least quarterly regarding the implementation of the Corridor Management Plan.

(e) ANNUAL REPORTS.—For any fiscal year in which the management entity receives Federal funds under this Act or in which a loan made by the entity with Federal funds under section 8(d)(1) is outstanding, the entity shall submit an annual report to the Secretary setting forth the accomplishments of the entity, the expenses and income of the entity, and the entities to which the entity made any loans and grants during the year for which the report is made.

(f) COOPERATION WITH AUDITS.—For any fiscal year in which the management entity receives Federal funds under this Act or in which a loan made by the entity with Federal funds under section 8(d)(1) is outstanding, the entity shall—

(1) make available for audit by Congress, the Secretary, and appropriate units of government all records and other information

pertaining to the expenditure of the funds and any matching funds; and

(2) require, for all agreements authorizing expenditure of Federal funds by other organizations, that the receiving organizations make available for the audit all records and other information pertaining to the expenditure of the funds.

**SEC. 10. WITHDRAWAL OF DESIGNATION.**

(a) IN GENERAL.—The National Heritage Corridor designation shall continue unless—

(1) the Secretary determines that—

(A) the use, condition, or development of the corridor is incompatible with the purpose of this Act; or

(B) the management entity of the corridor has not made reasonable and appropriate progress in preparing or implementing the management plan for the corridor; and

(2) after making a determination referred to in paragraph (1), the Secretary submits to the Congress notification that the corridor designation should be withdrawn.

(b) PUBLIC HEARING.—Before the Secretary makes a determination referred to in subsection (a)(1) regarding the corridor, the Secretary shall hold a public hearing within the area.

(c) TIME OF WITHDRAWAL OF DESIGNATION.—

(1) IN GENERAL.—The withdrawal of the corridor designation of the corridor shall become final 90 legislative days after the Secretary submits to Congress any notification referred to in subsection (a)(2) regarding the corridor.

(2) LEGISLATIVE DAY.—For purposes of this subsection, the term ''legislative day'' means any calendar day on which both Houses of the Congress are in session.

**SEC. 11. DUTIES AND AUTHORITIES OF FEDERAL AGENCIES.**

(a) DUTIES AND AUTHORITIES OF THE SECRETARY.—

(1) TECHNICAL ASSISTANCE.—

(A) IN GENERAL.—The Secretary may provide technical assistance to units of government, nonprofit organizations, and other persons, on request of the management entity of the corridor, regarding the management plan and the implementation of the plan.

(B) PROHIBITION OF CERTAIN REQUIREMENTS.—The Secretary may not, as a condition of the award of technical assistance under this section, require any recipient of the technical assistance to enact or modify land use restrictions.

(C) DETERMINATIONS REGARDING ASSISTANCE.—The Secretary shall decide if the corridor shall be awarded technical assistance and the amount of the assistance. The decision shall be based on the relative degree to which the corridor effectively fulfills the objectives contained in the Corridor Management Plan and achieves the purposes of this Act. The decision shall give consideration to projects that provide a greater leverage of Federal funds.

(2) PROVISION OF INFORMATION.—In cooperation with other Federal agencies, the Secretary shall provide the general public with information regarding the location and character of the corridor.

(3) OTHER ASSISTANCE.—On request, the Superintendent of Cuyahoga Valley National Recreation Area may provide to public and private organizations within the corridor (including the management entity for the corridor) such operational assistance as appropriate to support the implementation of the Corridor Management Plan, subject to the availability of appropriated funds. The Secretary is authorized to enter into cooperative agreements with public and private organizations for the purposes of implementing this paragraph.

(b) DUTIES OF OTHER FEDERAL AGENCIES.—Any Federal entity conducting any activity directly affecting the corridor shall consider the potential effect of the activity on the Corridor Management Plan and shall consult with the management entity of the corridor with respect to the activity to minimize the adverse effects of the activity on the corridor.

**SEC. 12. LACK OF EFFECT ON LAND USE REGULATION AND PRIVATE PROPERTY.**

(a) LACK OF EFFECT ON AUTHORITY OF GOVERNMENTS.—Nothing in this Act modifies, enlarges, or diminishes any authority of Federal, State, or local governments to regulate any use of land as provided for by law (including regulations).

(b) LACK OF ZONING OR LAND USE POWERS.—Nothing in this Act grants powers of zoning or land use control to the Advisory Commission or management entity of the corridor.

(c) LOCAL AUTHORITY AND PRIVATE PROPERTY NOT AFFECTED.—Nothing in this Act affects or authorizes the Advisory Commission to interfere with—

(1) the rights of any person with respect to private property; or

(2) any local zoning ordinance or land use plan of the State of Ohio or a political subdivision of the State.

**SEC. 13. FISHING, TRAPPING, AND HUNTING SAVINGS CLAUSE.**

(a) NO DIMINISHMENT OF STATE AUTHORITY.—The designation of the corridor shall not diminish the authority of the State to manage fish and wildlife, including the regulation of fishing and hunting and trapping within the corridor.

(b) NO CONDITIONING OF APPROVAL AND ASSISTANCE.—The Secretary may not make limitations on fishing, hunting, or trapping a condition of the determination of eligibility for assistance under this Act. The Secretary and any other Federal agency may not make the limitations a condition for the receipt, in connection with the corridor, of any other form of assistance from the Secretary or the agencies.

**SEC. 14. COST SHARE.**

(a) OPERATING COSTS.—The Federal contribution under this Act to the management entity for operations expenditures shall not exceed 50 percent of the annual operating costs of the entity attributed to preparation and implementation of the Corridor Management Plan. The non-Federal share of the support may be in the form of cash, services, or in-kind contributions, fairly valued.

(b) DEVELOPMENT COSTS.—The Federal contribution under this Act to the management entity to implement the Corridor Management Plan shall not exceed 30 percent of the annual development costs attributable to the implementation of the Corridor Management Plan. The non-Federal share of the support may be in the form of cash, services, or in-kind contributions, fairly valued.

**SEC. 15. AUTHORIZATION OF APPROPRIATIONS.**

(a) IN GENERAL.—There is authorized to be appropriated to the management entity—

(1) $250,000 for each of fiscal years 1996 through 1998 for the operating costs of the management entity to carry out duties pursuant to section 9; and

(2) $1,500,000 for each of fiscal years 1996 through 2001 for planning, design, construction, grants, and loans to implement the approved Corridor Management Plan;

to remain available until expended.

(b) AVAILABILITY OF FUNDS PRIOR TO SECRETARIAL APPROVAL OF MANAGEMENT PLAN.—Funds may be spent prior to Secretarial approval of the Corridor Management Plan for early actions that are important to the themes of the area and that protect resources that would be in imminent danger of irreversible damage without the early actions.

---

By Mr. PRYOR:

S. 1191. A bill to provide for the availability of certain generic human and animal drugs, and for other purposes; to the Committee on Labor and Human Resources.

THE CONSUMER ACCESS TO PRESCRIPTION DRUGS ACT

Mr. PRYOR. Mr. President, 2 months ago, I came to the floor to alert my colleagues to a two-pronged problem. This problem poses an unexpected threat to our implementation of the GATT treaty, as well as to our efforts to contain health care costs in the United States.

It has a complicated history, but it boils down to this: unless the Congress acts soon, the GATT treaty will be improperly implemented and consumers will foot a multibillion dollar windfall to a handful of underserving companies.

When the Congress passed the GATT treaty last year, we knew we were improving our country's standing in international trade. We knew the benefits would come in more exports and more jobs. We had no idea we were unintentionally forcing American consumers, HMO's, hospitals, and even the government to pay higher prices for a small number of prescription drugs.

We included ''transition provisions'' in the GATT treaty to accomplish two things. First, the treaty gives current patent holders a patent extension. Second, those generic competitors which had been planning and investing to go to market on the original date of patent expiry may do so as long as they paid compensation to the patent holders. We saw this as an elegant compromise which satisfied all of the commercial interests at stake.

But despite the intent of both the Congress and the U.S. Trade Representative [USTR] to apply these provisions to all industries in an equitable fashion, the prescription drug industry was inadvertently excluded from their scope. This came about due to a simple mistake. We failed to change the language of an obscure but vitally important law regulating prescription drugs, known as the Hatch-Waxman amendments. The mistake has had some costly and unnecessary consequences.

Our unintentional error forced the Food and Drug Administration [FDA] to rule that they could not allow equivalent but lower-cost generic drugs onto the market until the patent extension ended. In other words, a small number of drug manufacturers receive a patent extension but avoid facing generic competition during that time. This is unprecedented and unparalleled among the dozens of other industries and thousands of other companies affected by the GATT treaty. This is simply unfair.

The Consumer Access to Prescription Drugs Act restores the universal scope of the GATT treaty in the United States. It does so without altering the treaty or amending the treaty's implementing legislation. It does not alter the new patents granted by the GATT

treaty. It simply ensures that the prescription drug industry is subject to the GATT transitional provisions in the same manner as all other American industries.

Let me make clear that Congress also did not intend the current, disastrous state of affairs to occur. In fact, when the FDA was asked to look into the situation, they looked for direction from Congress. At the time of its passage, we had spent a tremendous amount of time discussing GATT. It was an issue of great importance. But when the FDA looked at the entirely of the record of our proceedings—our hearings, our report language and all of the floor debate in the House and the Sente—what did they find?

There were neither hearings nor a single word of debate on the floor of the House or Senate on the impact of the URAA on the 1984 Waxman-Hatch Amendments. Nor do the committee reports indicate that Congress understood that the URAA would both grant a patent term extension for certain pioneer products and block FDA from approving generic versions of those drugs until the extended patent terms have expired. Nonetheless, the language of the URAA directs that result.

In sum, the FDA concluded that the language of the URAA does not reflect the legislative intent which Congress desired.

Nor did the U.S. Trade Representative desire this abused outcome. On May 19, Ambassador Mickey Kantor wrote to emphasize that the ''intention of the URAA language'' was to encompass all industries and to permit generic pharmaceutical producers to market their products who had made substantial investments in anticipation of the expiration of the unextended patent terms. In other words, the current state of affairs was neither intended nor desired by our trade negotiators.

Nevertheless, current patent holders in the prescription drug industry are the only ones in the country which will benefit from the new URAA patent term but also be exempted from generic competition. It is clear that no one desired or anticipated this situation. We in Congress sought the GATT provisions applied universally. But now, according to the FDA and the U.S. Trade Representative, we have inadvertently jeopardized the true intention of GATT and upset the balancing of commercial interests in the free market.

What do I mean by the balance of commercial interests? The FDA found that the law as it stands threatens to upset the balance between the commercial interests of brandname companies and generic companies manifested in the Hatch-Waxman amendments. In response, the patent and Trademark Office [PTO] has taken a position on this issue. The PTO ruled on June 7 that those drugs which had previously received a patent extension under the Hatch-Waxman amendments could not receive the GATT patent extension. In spite of the PTO ruling, a small handful of manufacturers—including those of the blockbuster drugs Zantac® and Capoten®—are still poised to receive an unwarranted multibillion dollar windfall.

This is why I urge my colleagues to support the Consumer Access to Prescription Drugs Act. Not only is it the solution to an absurd and unwarranted problem, it will save large health care purchasers and individual consumers alike valuable resources. By some estimates, the Consumer Access to Prescription Drugs Act would save more than $1.8 billion in health care dollars. The elderly would save $517 million out of their pockets. The Federal Government would save $117 million while the States would save $88 million.

The act will also ensure that a simple mistake in legislative drafting does not disrupt the multimillion dollar investments, business plans and employment of generic drug companies who have planned all along to comply with the GATT treaty—but have been needlessly delayed from providing over-cost products to consumers by a legal loophole.

Most importantly, if we do not act, American consumers will pay unnecessarily high drug prices. At the same time, the Federal Government and the States will pay more for prescription drugs for older Americans, veterans, low-income families and children, and the active-duty military. Out of an annual $940 million prescription drug budget, the Department of Veterans Affairs has estimated that they will pay $211 million too much in the next 3 years alone.

That will come out of our taxes. We will be paying more taxes so that a few brandname drug companies can make more profits and block competition in the marketplace. Most important, I think, will be the effect on older Americans, Americans on fixed incomes and Americans without adequate health insurance. They will feel the hurt even more.

Mr. President, as I have said elsewhere, this is a textbook case of a loophole resulting in an unwarranted windfall. No single industry deserves special treatment under GATT, especially at the expense of consumers. I ask unanimous consent that a copy of the bill, a summary of the act's provisions and letters from the FDA, the Secretary of Veterans Affairs, the U.S. Trade Representative and the Generic Drug Equity Coalition be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1191

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as ''The Consumer Access to Prescription Drugs Act of 1995''.

**SEC. 2. APPROVAL AND MARKETING OF GENERIC DRUGS.**

(a) APPROVAL AND APPLICATIONS.—For purposes of acceptance and consideration by the Secretary of an application under subsections (b), (c), and (j) of section 505, and subsections (b), (c), and (n) of section 512, of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355 (b), (c), and (j), and 360b (b), (c), and (n)), the expiration date of a patent that is the subject of a certification under section 505(b)(2)(A) (ii), (iii), or (iv), section 505(j)(2)(A)(vii) (II), (III), or (IV), or section 512(n)(1)(H) (ii), (iii), or (iv), respectively, made in an application submitted prior to June 8, 1995, or in an application submitted on or after that date in which the applicant certifies that substantial investment was made prior to June 8, 1995, shall be deemed to be the date on which such patent would have expired under the law in effect on the day preceding December 8, 1994.

(b) RIGHT TO MARKET.—The remedies of section 271(e)(4) of title 35, United States Code, shall not apply to acts which—

(1) were commenced or for which a substantial investment was made prior to June 8, 1995; and

(2) became infringing by reason of section 154(c)(1) of such title, as amended by section 532 of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4983).

(c) EQUITABLE REMUNERATION.—For acts described in subsection (b), equitable remuneration of the type described in section 154(c)(3) of title 35, United States Code, as amended by section 532 of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4983) may be awarded to a patentee only if there has been—

(1) the commercial manufacture, use, offer to sell, or sale, within the United States of an approved drug that is the subject of an application described in subsection (a); or

(2) the importation into the United States of an approved drug that is the subject of an application described in subsection (a).

**SEC. 3. DEFINITIONS.**

(a) ACTS WHICH WERE COMMENCED.—The submission of an application for approval of a drug under section 505(b)(2), 505(j), 507, or 512(n), of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(b)(2) and (j), 357, and 360(n)) prior to June 8, 1995, or the subsequent making, using, offering to sell, selling, or importing of the drug which is the subject of the application, shall constitute acts which were commenced prior to June 8, 1995, as that term is used in this Act and in section 154(c)(2) of title 35, United States Code, as amended by section 532 of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4983). A person who submits such application, and a person who supplied any active ingredient used by such person in such drug, shall be deemed to have performed acts which were commenced prior to June 8, 1995.

(b) SUBSTANTIAL INVESTMENT.—The development of a product formulation and the manufacture of an experimental batch of a drug that becomes the subject of an application, or the initiation of stability or bioequivalency studies, by an applicant referred to in section 505(b)(2), 505(j), or 512(n), or by a manufacturer of a drug referred to in section 507, of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(b)(2) and (j), 360b(n), and 357) shall constitute substantial investment, as that term is used in this Act and in section 154(c)(2)(A) of title 35, United States Code, as amended by section 532 of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4983). A person who supplied any active ingredient used by such applicant in such drug or by such manufacturer in such drug shall be deemed to have made substantial investment by having supplied the active ingredient to such applicant or such manufacturer.

**SEC. 4. APPLICABILITY.**

(a) APPLICABILITY TO APPROVAL OF APPLICATIONS.—The provisions of this Act shall govern—

(1) the approval or the effective date of approval of applications under section 505(b)(2), 505(j), 507, or 512(n), of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355 (b)(2) and (j), 357, and 360b(n)) submitted on or after the date of enactment of this Act; and

(2) the approval or effective date of approval of all pending applications that have not received final approval as of the date of enactment of this Act.

(b) APPLICABILITY IN JUDICIAL PROCEEDINGS.—The provisions of this Act shall apply in any action that—

(1) relates to the approval or marketing of a drug or the infringement of a patent; and

(2)(A) is brought in a Federal or State court on or after the date of enactment of this Act; or

(B) is brought in a Federal or State court prior to the date of enactment of this Act and pending on such date.

---

THE CONSUMER ACCESS TO PRESCRIPTION DRUGS ACT OF 1995—SUMMARY OF PROVISIONS

The Consumer Access to Prescription Drugs Act restores the universal scope of the General Agreements on Trade and Tariffs (GATT) in the United States. It neither amends the GATT implementing legislation, known as the Uruguay Round Agreement Act (URAA), nor alters the GATT treaty in any way. Instead, it ensures that the prescription drug industry is subject to the URAA transitional ''grandfather'' provisions in the same manner as all other American industries.

Despite the intent of both the Congress and the U.S. Trade Representative to apply the URAA transition provisions to all industries, the prescription drug industry was inadvertently excluded from their scope. The unintentional error led the FDA to rule that the agency is prevented from allowing generic drug manufacturers who made a ''substantial investment'' prior to June 8, 1995 from bringing their products onto the market on the pre-GATT dates of patent expiry, as was intended in the URAA.

To correct this problem, this Act explicitly applies the URAA transition provisions to the prescription drug industry. (The URAA transition provisions relate to ''. . . acts which were commenced or for which substantial investment was made before'' June 8, 1995.)

SECTION 1—SHORT TITLE

Short title of the Act is the ''Consumer Access to Prescription Drugs Act of 1995.''

SECTION 2—APPROVAL AND MARKETING OF GENERIC DRUGS

2(a) Approval of Application:

Section 2(a) fulfills the original intent of the URAA by permitting the use of pre-GATT dates of patent expiry in premarket applications to the FDA from the generic drug manufacturers qualifying under the URAA transition provisions.

This provision in no way alters the FDA's authority to review generic drug submissions. Generic manufacturers seeking to market during the period of GATT patent extension must meet the same standards of safety and effectiveness of any other generic company seeking FDA approval.

2(b) Right to Market:

Under the URAA transition provisions, generic manufacturers in all industries meeting the ''substantial investment'' test were protected from the traditional remedies against patent infringement authorized by sections 283, 284 and 285 of the patent code. In passing the URAA, however, Congress neglected to amend section 271(e)(4), which duplicates and provides for these traditional remedies solely in relation to prescription drugs.

Section 2(b) restores the intent of the URAA by withholding the remedies under section 271(e)(4) solely in the case of qualifying generic manufacturers.

2(c) Equitable Remuneration:

The URAA transition provisions require the payment of ''equitable remuneration'' to patent holders by generic manufacturers who have made a ''substantial investment'' and proceed to market on the pre-GATT date of patent expiry.

Prescription drug manufacturers are not permitted to market their products until FDA approval has been granted. Section 2(c) clarifies that ''equitable remuneration'' must be paid upon the marketing of qualifying generic drugs.

SECTION 3—DEFINITIONS

3(a) Acts Which Were Commenced Defined:

Section 3(a) includes the pre-June 8 submission of a generic drug premarket application to the FDA, as well as the subsequent manufacture and sale of the approved generic drug, within the scope of the URAA transition provisions.

3(b) Substantial Investment Defined:

Section 3(b) applies the URAA transition term ''substantial investment'' to the penultimate steps necessary for submissions of a generic drug premarket application to the FDA.

SECTION 4—EFFECTIVE DATE

4(a) Applicability in Proceedings on Applications:

Section 4(a) applies the provisions of this Act to all FDA actions relating to relevant, qualifying generic drug premarket applications.

4(b) Applicability in Judicial Proceedings:

Section 4(b) applies the provisions of this Act to any legal actions which, although unsubstantiated, would negate the intent of the URAA by needlessly delaying the marketing of qualifying generic drugs.

---

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
*Washington, DC, May 19, 1995.*

Hon. DAVID KESSLER,
*Commissioner, Food and Drug Administration, Rockville, MD.*

DEAR DR. KESSLER: I am writing with respect to a decision that I understand you are about to make with respect to permitting generic pharmaceutical products to be marketed in a timely manner.

As you know, the Uruguay Round Agreements Act (URAA) provides that the term of patents in the United States will be switched from a 17-years from grant system to a 20-years from filing system. For those patents that have not expired on June 8, 1995, and those applications that are submitted by then and subsequently issued, the applicant will have the option of choosing the longer of 17-years from grant or 20-years from filing. As a result, some existing patents will be extended for up to approximately 20 months.

The URAA also provides that if a person has made substantial investment before June 8, 1995, in preparation of exploiting the technology once the old patent term expires, they will be able to use the patented technology during the extension period but must pay a reasonable royalty to the patent owner for doing so. The URAA exempts them from liability for injunctions, damages and attorney's fees.

However, it appears that the ability of manufacturers of generic pharmaceutical products to take advantage of this system (i.e., get the generic version of a patented drug on the market during the extension period but pay a royalty) is in question given provisions in the Federal Food, Drug and Cosmetic Act (FFDCA). The FFDCA apparently prevents the FDA from granting marketing approval to generic products until the patent on the underlying product expires. Without marketing approval, the generic manufacturer cannot bring its product on the market.

Resolving this difficult conflict has apparently fallen upon your shoulders. As you come to a decision on this matter, I ask that you give full consideration to the intention of the URAA language to permit generic pharmaceutical producers to market their products who had made substantial investments in anticipation the expiration of the unextended patent term.

Sincerely,

MICHAEL KANTOR.

---

DEPARTMENT OF HEALTH AND HUMAN SERVICES, FOOD AND DRUG ADMINISTRATION,
*Rockville MD, May 25, 1995.*

III. CONCLUSION

The 1984 Waxman-Hatch Amendments to the Federal Food, Drug, and Cosmetic Act represent a careful balance between the policies of fostering the availability of generic drugs and of providing sufficient incentives for research on breakthrough drugs. This landmark compromise between the interests of the generic drug companies and the pioneer companies was intended to grant a one-time patent term extension in exchange for the prompt availability of generic drug products. There is certainly a strong argument to be made that such a compromise should not be upset without hearings and careful deliberation as to the impact on the twin interests served by the Waxman-Hatch Amendments.

Here there were neither hearings nor a single word of debate on the floor of the House or Senate on the impact of the URAA on the 1984 Waxman-Hatch Amendments. Nor do the committee reports indicate that Congress understood that the URAA would both grant a patent term extension for certain pioneer products and block FDA from approving generic versions of those drugs until the extended patent terms have expired. Nonetheless, the language of the URAA directs that result.

Accordingly, for the reasons stated above, FDA grants your citizen petition in part and denies your citizen petition in part. FDA has determined that the URAA-extended patent term expiration dates will be the governing patent expiration dates with respect to NDA submissions and FDA publication of patent information on listed drugs and their uses; however, FDA will not publish the URAA-extended patent expiration dates until after they become effective on June 8, 1995. ANDA's and 505(b)(2) applications pending before the agency on June 8, 1995, must be amended to respond to the URAA-extended patent expiration dates, if information on the new expiration dates is submitted to the agency in a timely manner. ANDA's and 505(b)(2) applications submitted after June 8, 1995, similarly must provide patent certifications with respect to the URAA-extended patent expiration dates. After June 8, 1995, FDA will not approve any application that does not contain a correct certification with respect to a URAA-extended patent expiration date that was submitted in a timely manner to the agency. Finally, FDA cannot require that an applicant submit a paragraph IV certification as to a certain patent. The agency expects that an ANDA or 505(b)(2) applicant that wishes to market a generic version of a drug prior to the expiration of a URAA-extended patent, for which information was timely submitted to FDA, will file

a paragraph IV certification with respect to that patent.

Sincerely yours,

WILLIAM B. SCHULTZ,
*Deputy Commissioner for Policy.*

---

THE SECRETARY OF VETERANS AFFAIRS,
*Washington, DC, August 8, 1995.*

Hon. DAVID PRYOR,
*U.S. Senate, Russell Senate Office Building, Washington, DC.*

DEAR SENATOR PRYOR: I am writing in response to your inquiry regarding the potential effect of the Global Agreement on Tariffs and Trade (GATT) treaty and the resulting Uruguay Round Agreements Act (URAA) on the cost of prescription drugs purchased by the Veterans Health Administration (VHA).

VHA shares your concern about the cost impact of the agreement. As you know, VHA expends $940 million on pharmaceuticals annually. VHA now anticipates that the cost of drugs affected by URAA will remain high in light of the lack of generic competition. The total cost impact of the URAA provisions in terms of increased expenditures for VHA has been estimated to be $3.4 million in FY 95, $89.7 million in FY 96, and $117.9 million in FY 97.

For estimating purposes, VHA calculations were based on a three-year extension of the prior patent expiration date. A copy of VHA's analysis is enclosed for your information. New patent expiration dates will be published by FDA in the monthly supplements to ''Approved Drug Products with Therapeutic Equivalence Evaluations'' (the Orange Book). As that information becomes available, we will update our estimates.

Thank you for your interest in the health care provided to veterans.

Sincerely yours,

JESSE BROWN.

---

GENERIC DRUG EQUITY COALITION,
*Washington, DC, August 8, 1995.*

Hon. DAVID PRYOR,
*U.S. Senate, Russell Senate Office Building, Washington, DC.*

DEAR SENATOR PRYOR: Consumers will pay higher prices for the popular high blood pressure medicine Capoten/Capozide beginning today because of a special interest loophole in the GATT legislation.

The empty pill bottle we are delivering to your office today symbolizes the problem facing consumers because of the absence of lower-priced generic drugs.

Capoten/Capozide is the first of a dozen drugs that will be affected by the special interest loophole in the GATT legislation. Generic substitutes for these drugs will be kept off the market for as long as 20 months. In 1994, almost 15 million prescriptions were written for Capoten/Capozide at an average wholesale price of $56.29.

The Generic Drug Equity Coalition (GDEC) estimates that the delay will cost consumers hundreds of thousands of dollars each and every day that the generic substitutes for Capoten/Capozide and other drugs are kept off the market and almost $2 billion overall for the twelve affected drugs.

The GATT legislation extends patents on U.S. products from 17 to 20 years. The legislation also includes transition rules for generic products that were ready to go to market under the old 17-year patent term. However, the Food and Drug Administration can not apply the transition rules to generic drugs.

GDEC is a coalition of consumer, senior, health care and industry groups. We urge you to pass legislation that would grant FDA the authority to allow generic drugs to go to market as had been intended in the GATT transition rules.

Sincerely,

JIM FIRMAN
*President and CEO,*
*National Council on the Aging.*

---

MEMBERS OF THE GENERIC DRUG EQUITY COALITION

National Council on the Aging.
Gray Panthers.
National Consumers League.
United Seniors Health Cooperative.
U.S. PIRG.
American College of Nurse Midwives.
Paraquad.
National Pharmaceutical Alliance, Manufacturers Division.
Consumers for Quality Care.
Novopharm.
Geneva Pharmaceuticals.
MOVA Laboratories.
People's Medical Society.
National Association of Pharmaceutical Manufacturers.
AIDS Action Council.
Royce Laboratories.
Public Citizen.
National Women's Health Network.
Citizen Advocacy Center.
United Homeowners Association.
Center For Health Care Rights.
Mylan.
National Council of Senior Citizens.
National Black Women's Health Project.
Center for Health Care Rights.
National Committee to Preserve Social Security and Medicare.
Generic Pharmaceutical Industry Association.

---

By Mr. KERRY (for himself, Mr. PELL, and Mr. INOUYE):

S. 1192. A bill to promote marine aquaculture research and development and the development of an environmentally sound marine aquaculture industry; to the Committee on Commerce, Science, and Transportation.

THE MARINE AQUACULTURE ACT OF 1995

• Mr. KERRY. Mr. President, today, with Senators PELL and INOUYE, I introduce the Marine Aquaculture Act of 1995, a bill of great interest to me both in my role as ranking member of the Commerce Committee's Oceans and Fisheries Subcommittee, and as a Senator from a State with a significant interest in the development of an environmentally sound marine aquaculture industry. The primary purpose of this bill is to promote marine aquaculture research and the development of an environmentally sound marine aquaculture industry in the United States.

The development of a marine aquaculture industry is also of great interest to my colleagues from Rhode Island and Hawaii, and I thank them for their cosponsorship. Indeed, most coastal States should have an interest in the growth of an economically and environmentally sound marine aquaculture industry for a number of reasons. First, in a time when many domestic fisheries are increasingly overexploited and management measures become ever more restrictive, marine aquaculture can provide alternative or additional employment opportunities for displaced fishermen and other entrepreneurs. Second, marine aquaculture could play a critical role in enhancing and restoring depleted fish stocks. Third, investment in marine aquaculture research and development activities can stimulate local and regional economies providing benefits reaching far beyond the original investment. Fourth, by providing high quality fish and seafood products for domestic consumption and export, a strong marine aquaculture industry can help reduce the multibillion dollar U.S. fisheries trade deficit.

The United States stands poised to tap into an ever-expanding global market for marine aquaculture products. The United Nations estimates that in the year 2010 an additional 19 million tons of fish protein will be needed annually to maintain consumption at current levels, assuming present population growth. Global harvests of fish continue to decline from their 1989 peak of 100 million tons. About 70 percent of the world's marine fish stocks are classified as fully exploited, overexploited, or recovering. Clearly, harvesting of wild fish and shellfish stocks will not be able to meet this shortfall. Therefore, more and more people are looking to aquaculture to make up this deficit.

In response, the marine aquaculture industry in many countries has grown rapidly, often heavily subsidized by foreign governments. In 1992, China was the leading aquaculture producer with 8.6 million metric tons, nearly 50 percent of the total world aquaculture production. The United States was a distant fifth, with only 400,000 metric tons, less than 4 percent of the world's acquaculture production. Worldwide, coastal, and marine acquaculture comprise approximately 40 percent of total aquaculture production. Many of these fish and seafood products are aggressively marketed in the United States. We have a significant opportunity to develop a globally competitive domestic marine aquaculture industry to meet future fish and seafood demand. The Marine Aquaculture Act provides the support necessary to make the best of this opportunity.

There is also a need for a bill that addresses the unique requirements of aquaculture development in the marine and coastal environment. Much of the private aquaculture industry has invested in and developed land-based aquaculture facilities on privately owned land. The coastal zone and marine waters of the United States, however, are not subject to private ownership and support a variety of public trust uses, including navigation, fishing, recreation, and national defense. Private investment in marine aquaculture is imperative, but must proceed without posing unreasonable constraints or other public trust uses of marine and coastal waters.

A recent National Research Council study concludes that constraints on the economic success of the marine acquaculture industry include: First, public concerns about a broad range of

environmental, ecological, and aesthetic issues; and, second, conflicts with other uses of coastal and marine areas. The report also concludes that the current confusing system of Federal and State laws are regulations impedes growth of the marine aquaculture industry, and that additional scientific, technological and engineering research is necessary to ensure more cost-effective and environmentally sound operations. The Marine Aquaculture Act clarifies the patchwork of regulatory authorities and makes funding more readily available for research and development.

The Department of Commerce, which has primary management authority for marine resource conservation and protection of the marine environment, and which through the National Marine Fisheries Service [NMFS] and Sea Grant has long been engaged in aquaculture research and development, is best equipped to coordinate and manage the development of an environmentally sound aquaculture industry in marine and coast waters.

Utilizing Department of Commerce expertise, the bill would, first, clear up the regulatory maze by making the Department of Commerce the one-stop-shop for permits to own, construct, or operate an offshore marine aquaculture facility in Federal waters; second create a coastal and marine aquaculture research and development program under the National Sea Grant College Program Act; third, increase financial assistance for marine aquaculture ventures by making existing financial assistance programs for fishermen available for the first time to marine aquaculture development; fourth, ensure protection of the marine environment by requiring the Secretary of Commerce to establish environmental standards for offshore marine aquaculture facilities and, in consultation with other appropriate Federal and State agencies, to establish model environmental guidelines for marine aquaculture facilities within State waters.

In developing a marine aquaculture industry, we must also realize that the environmental problems facing marine aquaculture facilities are unique and potentially more difficult than those of land-based facilities. This bill addresses the need for environmental safeguards and would provide for the establishment of standards to minimize adverse impacts on the marine environment of offshore marine aquaculture facilities. These standards would include safeguards to, first, protect wild fish stocks from genetic contamination; second, prevent or minimize ecological or economic harm to marine ecosystems from introduction of nonindigenous marine species; third, prevent or minimize transmission of disease to wild stocks; fourth, maintain applicable Federal water quality standards; and fifth, ensure that efforts to control predation on cultivated stocks are environmentally and ecologically sound. Addressing environmental concerns associated with marine aquaculture activities is necessary to enhance the prospects of developing an economically—and environmen- tally—sustainable industry.

As an additional barrier to developing this industry, many of the traditional forms of financial assistance to fishermen through Department of Commerce programs have not been as widely available for the development of marine aquaculture facilities because of funding limitations and restrictions in authorizing legislation. To address that problem, The Marine Aquaculture Act restructurers existing financial assistance programs available to fishermen, and promotes research and development in marine aquaculture and other disciplines related to the success of such ventures.

I am aware that my colleague, Senator AKAKA, has introduced a general aquaculture bill. I want to emphasize that the Marine Aquaculture Act deals solely with marine aquaculture and is intended to complement rather than compete with or displace Senator AKAKA's bill. I look forward to working with Senator AKAKA and all other Senators who have interest in this subject to develop a comprehensive program to promote aquaculture research and development on both private and public lands. I ask unanimous consent that the text of the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1192

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Marine Aquaculture Act of 1995''.

**SEC. 2. FINDINGS AND POLICY.**

(a) FINDINGS.—The Congress finds the following:

(1) The annual demand for seafood products is expected to increase by 350 million pounds by the year 2000 as a result of population growth alone. This demand will be satisfied by a combination of United States harvests, fresh water and marine aquaculture, and imports.

(2) The marine fishery resources of the United States coastal zone, territorial sea, and exclusive economic zone are renewable, but finite. Sound fishery management programs cannot guarantee that the amount of marine fishery products available to the Nation from United States waters will meet consumer demand without supplementation from marine aquaculture.

(3) Worldwide there has been a major increase in marine aquaculture and many of these products have been aggressively marketed in the United States. Many of these programs are also heavily subsidized by foreign governments.

(4) In some foreign nations marine aquaculture has not been adequately controlled and, as a result, there have been undesirable changes to the marine ecosystem which have contributed to production failures from both artificial and natural stocks of fish.

(5) Within the United States private industry has primarily invested in and developed land-based aquaculture facilities, in part because these facilities are located on privately owned land, and in part because the potential environmental problems associated with these facilities are generally easier to control than those associated with marine facilities. Land-based facilities have also benefited from some of the traditional forms of economic assistance provided to farmers under programs administered by the Department of Agriculture.

(6) Private industry has not taken an equivalent initiative to invest in and develop marine aquaculture facilities within the United States, in part, because our marine waters are not susceptible to private ownership and because our marine waters also support other public trust uses, including navigation, fishing, recreation, and national defense. Additionally, marine aquaculture facilities present several environmental challenges requiring specialized scientific research and regulatory programs. Moreover, the traditional forms of economic assistance provided to fishermen under programs administered by the Department of Commerce have not been as widely available to marine aquaculture facilities because of restrictions in authorizing legislation and funding limitations.

(7) Further, incorporating environmental concerns in the development of marine aquaculture will enhance the prospects of an economically and environmentally sustainable industry.

(8) There exist within the Department of Commerce a number of agencies and programs essential to stimulate the private development of marine aquaculture facilities, rebuild depleted fishery resources and protect the marine ecosystem. Among these are programs of the National Marine Fisheries Service, the National Sea Grant College Program, the National Ocean Service, the National Institute of Standards and Technology, the Economic Development Administration, the Minority Business Development Administration, and the International Trade Administration.

(b) POLICY.—It is the policy of the United States—

(1) to encourage private enterprise to invest in and to develop new employment opportunities in marine aquaculture facilities by restructuring existing financial assistance programs and by safeguarding investments in marine aquaculture facilities;

(2) to promote research and development in marine aquaculture technology, marine biology, marine ecology, ocean engineering, economics, law, public policy and other disciplines that will contribute to the commercial success of new marine aquaculture facilities while safeguarding the marine ecosystem; and

(3) to ensure that the placement and operation of any new marine aquaculture facility within a State coastal zone, the territorial sea, or the United States exclusive economic zone, is economically and environmentally sound and does not pose unreasonable contraints on other public trust uses of marine waters, such as navigation, fishing, recreation, and national defense.

**SEC. 3. DEFINITIONS.—**

For the purposes of this Act—

(1) DIRECTOR.—The term ''Director'' means the Director of the National Sea Grant College Program.

(2) OFFSHORE MARINE AQUACULTURE FACILITY.—

(A) The term ''offshore marine aquaculture facility'' means any facility which is located in whole or in part in the United States exclusive economic zone, the purpose of which is to raise, breed, grow, or hold in a living state any marine or estuarine organism.

(B) Any vessel or other floating craft that forms all or part of an offshore marine aquaculture facility, or any vessel or other floating craft that discharges any material into an offshore marine aquaculture facility, shall not be deemed to be a ''vessel or other floating craft'' under section 502(12)(B) of the Clean Water Act (33 U.S.C. 1362 et al.). Any discharge of material directly into the waters of the facility or from the facility into the surrounding waters shall be considered a point source subject to that Act.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Commerce, acting through the Under Secretary of Commerce for Oceans and Atmosphere.

**SEC. 4. MARINE AQUACULTURE RESEARCH AND DEVELOPMENT PROGRAM.**

The National Sea Grant College Program Act (33 U.S.C. 1121 et seq.) is amended by inserting after section 206 the following:

''MARINE AQUACULTURE RESEARCH AND DEVELOPMENT PROGRAM

''SEC. 206A. (a) COASTAL AND MARINE AQUACULTURE RESEARCH AND DEVELOPMENT PROGRAM.—The National Sea Grant College Program provided for under section 204 shall include a national marine aquaculture research and development program under which the Secretary, acting through the Director, shall make grants and enter into contracts in accordance with this section, and engage in other activities authorized under this Act, to further research, development, education and technology transfer in coastal and marine aquaculture and accelerate the development and growth of a sustainable marine aquaculture industry.

''(b) PROGRAM SCOPE.—The marine aquaculture research and development program shall include research, development, education and technology transfer programs that address, but are not limited to, the following:

''(1) Fundamental biological knowledge needed for domesticating candidate species;

''(2) Environmentally safe technologies, methods and systems for culturing marine species in the coastal environment, encouraging sustainable aquaculture practices, and remediating environmental problems;

''(3) Aquaculture technologies that are compatible with other uses of the sea;

''(4) Application of marine biotechnology to marine aquaculture;

''(5) Methods for addressing and resolving conflicts between marine aquaculture and other competing users of the marine environment;

''(6) Comparative studies of State practices regarding the regulation and promotion of marine aquaculture so as to identify and resolve interstate conflicts and issues;

''(7) Education programs to foster understanding and awareness of the environmental and policy implications of aquaculture and marine aquaculture development, including the role of aquaculture in meeting consumer demand for seafood, and the role of aquaculture in rebuilding depleted fish stocks; and

''(8) Development of pilot projects for offshore aquaculture facilities.

''(c) SEA GRANT MARINE ADVISORY SERVICES.—The National Sea Grant College Program shall maintain, with the Marine Advisory Service, the capability to transfer relevant technologies and information to the marine aquaculture industry. Particularly emphasis shall be given to the matters referred to in subsection (b)(1) through (8).

''(d) ADMINISTRATION.—In carrying out the marine aquaculture research and development program, the Director shall—

''(1) coordinate and administer the relevant activities of the Sea Grant College and any advisory committee and review panel established under subsection (f);

''(2) consult with the directors of State Sea Grant programs and other organizations with interests in aquaculture to identify program priorities and needs and, to the extent possible, undertake collaborative efforts, and use this information to identify priorities for marine aquaculture research and planning;

''(3) provide general oversight to ensure that the marine aquaculture research and development program produces the highest quality research, education and technology transfer and leads to opportunities for business development and jobs creation.

''(e) GRANTS AND CONTRACTS.—

''(1) IN GENERAL.—The Director, subject to the availability of appropriations, shall award grants and contracts in accordance with procedures, requirements, and restrictions under Section 205 (c) and (d) for aquaculture research, education, technology transfer, and advisory proposals based on a competitive review of—

''(A) their respective scientific, technical, and educational merits; and

''(B) their likelihood of producing information and technology which lead to the growth and development of a sustainable marine aquaculture industry.

''(2) FUNDING.—Grants made and contracts entered into under this section shall be funded with amounts available from appropriations made pursuant to the authorization provided for under section 212(c), except that if the project under a grant or contract was considered and approved, in whole or in part, under grant or contract authority provided for under section 205(a) or (b) or Section 3 of the Sea Grant Program Improvement Act of 1976, the grant or contract shall be funded from amounts available to carry out that section.

''(f) MARINE AQUACULTURE ADVISORY AND REVIEW PANELS.—

''(1) ESTABLISHMENT.—The Director may establish such advisory committees and review panels as necessary to carry out this section, (or utilize any such existing committee that satisfies the requirements of this subsection).

''(2) MEMBERSHIP.—Members of advisory committees and review panels should be selected to have the professional expertise necessary to review grants received, and in general, should include representatives of relevant disciplines and professions such as fisheries scientists, environmental scientists, and representatives of the marine aquaculture and capture fishing industries.

''(3) ACCESS TO EVALUATIONS OF GRANTS AND CONTRACTS.—The Director shall provide to each advisory committee and review panel established under this subsection copies of appropriate grant and contract application evaluations prepared by directors of Sea Grant Colleges under Section (e)(2)(A).

''(g) AUTHORIZATION OF APPROPRIATIONS.—

''(1) GRANTS AND CONTRACTS.—There is authorized to be appropriated to carry out this section (other than for administration)—

''(A) $5,000,000 for each of fiscal years 1995 and 1996; and

''(B) $7,000,000 for each of fiscal years 1997 and 1998.

''(2) ADMINISTRATION.—There is authorized to be appropriated for the administration of this section—

''(A) $100,000 for each of fiscal years 1995 and 1996; and

''(B) $120,000 for each of fiscal years 1997 and 1998.''.

**SEC. 5. AQUACULTURE IN THE COASTAL ZONE.**

The Coastal Zone Management Act of 1972 is amended—

(1) by adding at the end of section 306A(b) (16 U.S.C. 1455a(b)) the following:

''(4) The development of a coordinated process among State agencies and between the State and Federal Government, to regulate and issue permits for aquaculture and marine aquaculture facilities in the coastal zone.''; and

(2) by adding at the end of section 309(a) 16 U.S.C. 1456b(a)) the following:

''(9) Adoption of procedures and policies to facilitate and evaluate the siting of public and private marine aquaculture facilities in the coastal zone which will assist States in formulating, administering, and implementing strategic plans for marine aquaculture.''.

**SEC. 6. OFFSHORE MARINE AQUACULTURE PERMITTING.**

(a) OWNERSHIP, CONSTRUCTION, AND OPERATION OF OFFSHORE MARINE AQUACULTURE FACILITIES.—Notwithstanding subsection (n) of this section, no person may own, construct, or operate an offshore marine aquaculture facility except as authorized by a permit issued under this section.

(b) PERMIT ISSUANCE AND TERM.—

(1) IN GENERAL.—The Secretary may issue, amend, renew, or transfer in accordance with this section permits which authorize the ownership, construction, or operation of an offshore marine aquaculture facility.

(2) TERM.—The term for a permit under this section shall not exceed 10 years and may be renewed after such time.

(3) OWNERSHIP.—Whereas a facility's physical structure, the organisms stocked therein, and any business interests in an offshore marine aquaculture facility can be privately owned by the permittee, the area of ocean used by a marine aquaculture facility remains in public ownership, with only a revocable use permit being granted to the permittee.

(c) PERMIT PREREQUISITES.—The Secretary may not issue, amend, renew, or transfer a permit to a person under this section unless—

(1)(A) each of the officials referred to in subsection (e)(1) has certified to the Secretary that the activities to be conducted under the permit would comply with laws administered by the official; or

(B) the permit establishes the conditions transmitted under subsection (e)(3)(A) by each of those officials that does not make that certification and each of the remainder of those officials makes that certification;

(2) The Secretary determines that—

(A) construction and operation of a facility under the permit will comply with the environmental standards established by the Secretary under subsection (k) and will not significantly interfere with other public trust uses of the ocean, including recreational and commercial fishing, navigation, conservation, and aesthetic enjoyment;

(B) the site for the facility will not interfere with facilities previously permitted under this section or any other Federal law; and

(C) the person, upon revocation or surrender of the permit, will properly dispose of or remove the facility as directed by the Secretary; and

(3) the person provides the Secretary with a bond or other assurances to pay for all costs associated with removal of the facility.

(d) PUBLIC NOTICE AND COMMENT PERIOD.—

(1) NOTICE.—The Secretary shall publish in the Federal Register—

(A) notice of receipt of each application for a permit under this section; and

(B) notice of issuance of each permit issued, amended, renewed, or transferred under this section.

(2) PUBLIC COMMENT.—The Secretary shall provide a 60 day comment period regarding each application received by the Secretary for the issuance, amendment, renewal, or transfer of a permit under this section.

(e) AGENCY NOTICE AND COMMENT.—

(1) TRANSMISSION OF COPIES OF APPLICATIONS.—Not later than 30 days after receiving

an application for a permit under this section, the Secretary shall forward a copy of this application to—

(A) the Secretary of the agency in which the Coast Guard is located;

(B) the Administrator of the Environmental Protection Agency;

(C) the Secretary of the Interior;

(D) the Chairman of the Regional Fishery Management Council under the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.) having authority over waters in which would occur the activities for which the permit is sought, or having authority over fish stocks which could be ecologically effected by construction or operation of such facility;

(E) the Secretary of Defense; and

(F) the Governor of each State—

(i) adjacent to the location specified by the permit or which would be ecologically affected by permit activities; and

(ii) which has an approved coastal zone management program under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.).

(2) CERTIFICATION OF COMPLIANCE.—Subject to paragraph (4), not later than 90 days after receiving a copy of a permit application transmitted under paragraph (1), the official shall certify to the Secretary whether or not the activities to be conducted under the permit would comply with the laws administered by the official.

(3) TRANSMITTAL OF REASONS FOR NONCOMPLIANCE AND PERMIT CONDITIONS.—If an official certifies under paragraph (1) that activities to be conducted under a permit is sought would not comply with a law—

(A) the official shall transmit to the Secretary the reasons for that noncompliance and any permit conditions that would ensure compliance; and

(B) the Secretary shall establish those conditions in any permit for the activity issued under this subsection.

(4) EXTENSION OF TIME FOR CERTIFICATION.—An official may request, in writing, that the Secretary extend by not more than 30 days the period for making certifications under paragraph (2). The Secretary may grant the extension for good cause shown.

(f) PERMIT REVOCATION OR SURRENDER.—

(1) REVOCATION.—The Secretary may revoke any permit issued under this section if the permittee is found to be in substantial violation of any term of the permit, this section, or any regulation promulgated pursuant to this section.

(2) SURRENDER.—A permittee may surrender a permit under this section to the Secretary at any time, subject to any safeguards or conditions established by the Secretary.

(g) PERMIT RENEWAL AND TRANSFER.—A permit under this section may be renewed or transferred in accordance with the procedures and requirements applicable to the issuance of a new permit. The term of a permit, upon renewal, shall not exceed 10 years.

(h) FEES.—The Secretary may assess permit fees not to exceed the cost of administering the program authorized by this section.

(i) CIVIL PENALTY.—The Secretary may assess a civil penalty of not more than $100,000 for each violation of a permit under this section.

(j) PROMULGATION OF REGULATIONS.—The Secretary shall promulgate regulations as necessary to carry out this section.

(k) ENVIRONMENTAL STANDARDS.—

(1) ESTABLISHMENT.—Within 2 years after the date of enactment of this Act, the Secretary shall issue regulations which establish minimum environmental standards with respect to offshore marine aquaculture facilities. Such standards shall be designed to minimize the potential for adverse impacts on the marine environment from such facilities and shall include—

(A) safeguards to conserve genetic resources, including methods to minimize genetic mixing of cultured stocks with natural marine stocks;

(B) safeguards to prevent or minimize ecological or economic harm to marine ecosystems by intentional or unintentional introductions of nonindigenous marine aquaculture species;

(C) safeguards to prevent or minimize transmission of disease to wild stocks;

(D) safeguards to maintain applicable Federal water quality standards;

(E) safeguards to ensure that any efforts to control predation on cultivated stocks are environmentally and ecologically sound; and

(F) other applicable measures to protect the marine environment.

(2) INCLUSION OF PERMIT TERMS.—The standards established under paragraph (1) shall be treated as part of the terms of each permit issued under this section.

(3) REVIEW.—The Secretary shall periodically review the standards established under paragraph (1) and revise the standards based on significant new information including results of the pilot project.

(l) CUMULATIVE EFFECTS.—The Secretary shall report to Congress 5 years after the enactment of this Act on all permits issued under this Act, including the cumulative effects of all permitted facilities on public trust uses of the ocean.

(m) OFFSHORE MARINE AQUACULTURE PILOT PROGRAMS.—

(1) IN GENERAL.—The Secretary in cooperation with other Federal and State agencies, acting through the National Sea Grant College Program, is authorized to conduct, to make grants for, or to contract for, projects to demonstrate sustainable approaches to development, installation, or operation of offshore marine aquaculture facilities. Such projects shall take into consideration any environmental guidelines developed by the Secretary, and shall, to the maximum extent practicable, meet the requirements of permits issued under this section.

(2) TERM.—Any pilot project authorized pursuant to this subsection shall be for a term not to exceed two years, and may be renewed after such time.

(3) PURPOSE.—Such projects shall demonstrate the technological and economic feasibility of various marine aquaculture technologies which will contribute substantially to the development of a sustainable marine aquaculture industry.

(4) ECOSYSTEM SAFEGUARDS.—The Secretary, in selecting projects under this subsection, shall be satisfied that any project authorized will not adversely affect the marine environment, and shall be designed to prevent or minimize ecological or economic harm to marine ecosystems by intentional or unintentional introductions of nonindigenous marine aquaculture species.

(5) CONTENTS OF PUBLIC ANNOUNCEMENTS.—The Secretary shall make a public announcement concerning—

(A) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal agency for any research, demonstration, pilot project, study, or report under this subsection; and

(B) the results, findings, data, or recommendations made or reported as a result of such activities.

(6) TIME.—A public announcement required by paragraph (5)(A) shall be made within 30 days after making a grant or contract, and a public announcement required by paragraph (5)(B) shall be made within 90 days after the receipt of such results.

(7) PUBLICATION OF SUMMARIES OF RESULTS; SUBMISSION TO APPROPRIATE CONGRESSIONAL COMMITTEES.—The Secretary shall publish summaries of the results of activities carried out pursuant to this subsection not later than 90 days after the completion thereof. The Secretary shall submit to the Senate Committee on Commerce, Science, and Transportation copies of all such summaries.

**SEC. 7. MODEL ENVIRONMENTAL GUIDELINES.**

(a) MODEL ENVIRONMENTAL GUIDELINES.—

(1) Within two years after the date of enactment of this Act, the Secretary in consultation with other appropriate Federal and State agencies, shall develop and establish model environmental guidelines with respect to marine aquaculture facilities located within State waters.

(2) In order to carry out this section, the Secretary shall seek advice from representatives of relevant disciplines and professions such as fisheries scientists, environmental scientists, and representatives of the marine aquaculture and capture fishing industries, and may utilize any Marine Aquaculture Advisory and Review Panels established under section 206A(f) of the National Sea Grant College Program Act.

(3) The Secretary shall provide public notice in the Federal Register and allow for a 90 day comment period before finalizing its model guidelines.

(4) The guidelines should include best management practices to minimize the potential for damage to the marine ecosystem from marine aquaculture facilities, including, but not limited to—

(A) conserving genetic resources, including methods to minimize genetic mixing of cultured stocks with natural marine stocks;

(B) preventing or minimizing ecological or economic harm to marine ecosystems by intentional or unintentional introductions of nonindigenous marine aquaculture species;

(C) maintaining applicable Federal and State water quality standards by marine aquaculture facilities;

(D) minimizing ''visual pollution'' and other interference with public trust uses of the ocean from marine aquaculture facilities; and

(E) ensuring that any efforts to control predation on cultivated stocks are environmentally and ecologically sound.

(5) The Secretary shall also develop a program to promote voluntary compliance by the marine aquaculture industry with the guidelines.

(b) STATE AQUACULTURE MANAGEMENT.—Upon completion of environmental guidelines, the Secretary shall submit the environmental guidelines to State coastal zone management agencies, and other Federal and State agencies with a role in aquaculture, marine aquaculture or other coastal and marine resources. These State agencies shall review the environmental guidelines for marine aquaculture operations and consider incorporating processes where applicable.

**SEC. 8. ECONOMIC DEVELOPMENT.**

(a) COMPREHENSIVE REPORT.—The Secretary shall review all programs administered by the Department of Commerce through the National Oceanic and Atmospheric Administration, the National Institute of Standards and Technology, the Economic Development Administration, the Minority Business Development Administration, and the Intenational Trade Administration that pertain to the seafood industry. Within two years after the date of enactment of this Act, the Secretary shall report to Congress how the Department of Commerce programs have been employed to stimulate the development of commercial marine aquaculture facilities within the United States or the exclusive economic zone. The report shall include recommendations for changes in any Federal law or administrative procedure that, in the judgment of the Secretary,

constitutes an unreasonable impediment to the growth of a commercially and environmentally sound marine aquaculture facility.

(b) ECONOMIC ASSISTANCE.—The Secretary shall make the financial assistance programs of the Department of Commerce fully available to qualified applicants seeking to construct marine aquaculture facilities in a State coastal zone or the U.S. exclusive economic zone. The programs shall include, but not be limited to, the Capital Construction Fund Program, the Fisheries Obligation Guarantee Program, the Saltonstall-Kennedy Grant Program, the Marine Fisheries Initiative Grant Program, and the programs of the Economic Development Administration. To the extent such projects are economically sound, the Secretary shall grant priority to applicants from those regions of the United States where marine fishery conservation requirements have led to reduced employment in the commercial or recreational fishing industry.●

---

By Mr. HARKIN:

S. 1193. A bill to reduce waste and abuse in the Medicare Program; to the Committee on Finance.

THE MEDICARE WASTE AND ABUSE REDUCTION ACT

● Mr. HARKIN. Mr. President, I am introducing today an important piece of legislation regarding Medicare. The Medicare Waste and Abuse Reduction Act of 1995 is the third in a series of bills I have introduced this year to save taxpayers and Medicare beneficiaries billions of dollars lost to waste and abuse in Medicare. All of these measures are the result of extensive hearings I have chaired in the Labor, Health and Human Services Appropriations Subcommittee over the past several years and on recommendations of the General Accounting Office, the inspector general of the Department of Health and Human Service and other private sector medical experts.

The two bills I introduced earlier this year would reduce waste and abuse in Medicare by providing for a greater investment in payment safeguards and requiring Medicare to use state-of-the-art private sector computer equipment to catch abusive and unnecessary Medicare billings. The General Accounting Office has endorsed both approaches in these measures as effective in reducing losses to the Medicare Program. In their May 5, 1995, report to me and to the Budget Committee, the GAO found that taxpayers are losing $2 million a day because of its inept system for detecting billing abuse. They said that we could conservatively save $600 million a year by utilizing the same computer software that most major private insurers already use to detect billing abuse.

The Medicare Waste and Abuse Reduction Act I am introducing today would take a number of additional steps to stop the pillaging of Medicare. First, it would put an end to completely unnecessary and often abusive Medicare payments for a range of items unrelated to providing quality health care to the elderly and disabled. These include: tickets to sporting and other entertainment events, gifts and donations, costs related to team sports, personal use of automobiles, fines and penalties resulting from violations of Federal, State and local laws or regulations, and tuition and fees for spouses and other dependents of medicare providers.

All of these items were identified as being subject to abuse by the HHS inspector general. Some of the bills by providers for these items were completely outrageous and only serve to undermine public confidence not only in Medicare, but in Government in general.

Second, this legislation would require a cost-saving step that I have been advocating for years—competitive bidding for durable medical equipment, medical supplies, oxygen, and other related services. I believe this will significantly lower excessive Medicare payments for many of these items and services. The Veterans Administration and many private businesses already employ competitive bidding and their costs are significantly lower.

Third, it provides the Secretary the ability to target several specific items identified as subjects of abuse in our hearings—scooters, orthotic body jackets, and incontinence supplies. Again, we can significantly reduce the payment amounts and unnecessary utilization of these items.

Finally, this legislation would give the Medicare carriers authority they used to have to reduce payment levels for items they identify as subject to grossly excessive payments.

Mr. President, the budget resolution adopted by the new majority in the Congress calls for unprecedented cuts in Medicare. These cuts go far beyond that necessary to forestall problems with the hospital insurance trust fund. Much of these reductions will go to give huge new tax cuts to the wealthiest of Americans. That is just not fair.

For the savings that do need to be made to shore up the Medicare trust fund, we should first look to eliminating the massive amounts of fraud, waste, and abuse. Accordingly, I would urge the Finance Committee to include in its reconciliation recommendations the provisions of the three bills I have introduced and several others I will introduce shortly after we return in September. I look forward to working with my colleagues on this critically important issue. I will have a good deal more to say about Medicare and opportunities to reduce waste and abuse in the coming days.●

---

By Mr. AKAKA (for himself and Mr. LOTT):

S. 1194. A bill to amend the Mining and Mineral Policy Act of 1970 to promote the research, identification, assessment, and exploration of marine mineral resources, and for other purposes; to the Committee on Energy and Natural Resources.

THE MINING AND MINERAL POLICY AMENDMENTS ACT OF 1995

Mr. AKAKA. Mr. President, every American schoolchild can recite President Kennedy's famous challenge to reach the Moon before the decade of the 1960's ended. The success of our country's space program has become a source of great national pride. Far less attention has been given to the speech President Kennedy gave that same year in which he challenged Americans to explore the ocean depths.

Well, we have reached the Moon and our spacecraft have explored the solar system. Today, we know more about the surface of planets located millions of miles from Earth than we know about much of the ocean floor, which is the Earth's own basement. We have maps of Venus that are better than the map of our own exclusive economic zone [EEZ].

A recent Time magazine cover story on the mysteries of the deep raised similar concerns about how little we know about the last great unconquered place on Earth. As the article points out:

> More than 100 expeditions have reached Everest, the 29,028-foot pinnacle of the Himalayas; manned voyages to space have become commonplace; and robot probes have ventured to the outer reaches of the solar system. But only now are the deepest parts of the ocean coming within reach.

The U.S. exclusive economic zone covers more than 2.5 billion acres, an area slightly greater than that of the United States. Our EEZ is the largest under any nation's jurisdiction and contains a resource base estimated in the trillions of dollars. It is a vast, new ocean frontier.

Because 85 percent of these waters are in the Pacific, Hawaii will play a central role in EEZ research and development. Unfortunately, our new frontier remains largely unexplored. After 10 years, the United States has performed a detailed reconnaissance of less than 5 percent of our EEZ.

Today Senator LOTT and I have introduced legislation to encourage the investigation of the world's oceans, stimulate our country's scientific and economic growth, and further our Nation's industrial competitiveness.

Our bill would accelerate exploration, research, and assessment of the Nation's marine resources. Under this legislation, the Secretary of the Interior would foster partnerships among industry, government, and academia to explore our exclusive economic zone. These partnerships would act as incubators for the commercialization of the advanced technologies necessary to explore and develop responsibly our marine resources.

The bill responds to a 1992 report by the National Research Council which noted that the systematic exploration of the EEZ will require technologies that are fundamentally different from those used in the initial phase of EEZ reconnaissance. The National Research Council identified a need for new ships, advanced instrumentation, and remotely operated underwater vehicles that can be equipped with multiple

data collecting sensors capable of mapping our EEZ resources with unprecedented speed.

Knowledge of our ocean and its resources has always grown in direct proportion to the tools available for marine exploration. As these tools have evolved and improved, our ability to explore, evaluate, and capitalize on our ocean resources has also advanced. If we want to comprehend fully the potential of our EEZ, the technology of ocean exploration must take another leap forward. The deployment of a new generation of undersea research vehicles with advanced data gathering equipment will be necessary to permit reconnaissance on a scale that begins to match the vastness of the ocean and its seafloor. The potential payoffs associated with the development of these ocean technologies will be very great.

In addition to improving our research capabilities, technology associated with ocean exploration can spawn new opportunities for economic development. We have seen major advances in our ability to survey, map, probe, sample, and monitor the ocean floor during the past decade. With the end of the cold war, the market for these systems is rapidly changing from military to civilian uses.

Advances in unmanned underwater vehicles and imaging systems are being employed to perform environmental monitoring of sewage outfalls, underwater pipelines, ocean dumping, and industrial and non-point source pollution. The ability of these technologies to facilitate environmental remediation and cleanup may soon follow. These technologies will also have broad application for deploying and repairing communications and electric power cables, or in other areas of scientific research and technology commercialization.

The opportunities for economic development from ocean resources and technologies cannot be taken for granted, however. The United States seriously risks being left behind other nations that are aggressively investing in the commercialization of ocean technologies. According to the Office of Technology Assessment, Japan, the United Kingdom, and France have major institutions devoted to developing ocean technologies. They have extensive private industry support and have government planning mechanisms to clearly define national ocean policies.

In an increasingly competitive world, countries which lead in the rapid development, commercialization, and application of new technologies will enjoy greater economic growth, higher employment, and better living standards. Nowhere will this principle have greater significance than in the field of ocean resources. Given the magnitude of potential economic opportunity, the United States must strengthen its commitment to ocean R&D.

We need only look to the space program for an appreciation of the economic opportunities generated from technology development. In the past 30 years, the U.S. space program has been the basis for more than 30,000 secondary products—better known as spinoffs, in health and medicine, food and agriculture, energy, the environment, recreation, and construction.

Some of the research has been adapted for use in monitoring and diagnosing illnesses. Devices such as electroencephalographs [EEGs], electrocardiograms [EKGs], rechargeable pacemakers, and medical scanners were developed from equipment built for the space program.

Solar energy, which was pioneered for the space program, has found wide use in heating, cooling, and the generation of electricity. The heat shield developed for the Apollo mission is now providing energy savings as insulation for homes and office buildings.

Remote sensing imagery developed for satellite surveys of the Earth is used by land managers today for long-term management and conservation of our natural resources.

Although estimates vary, applications in industry were found to contribute $22 billion toward the sale of new or improved products and nearly $316 million in savings. Rewards even greater than that derived from the space program may be realized from ocean research.

A commitment to ocean research and assessment embodied in this legislation can create new job opportunities, strengthen our scientific and industrial competitiveness, and produce economic benefits that far exceed the dollars invested.

I ask unanimous consent that a copy of the Time article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Time magazine, Aug. 14, 1995]

MYSTERIES OF THE DEEP—THE LAST FRONTIER

(By Michael D. Lemonick)

Sometime this fall, if all goes well, a revolutionary new undersea vessel will be lowered gently into the waters of Monterey Bay for its maiden voyage. Named *Deep Flight I*, the 14-ft-long, 2,900-lb vehicle is shaped like a chubby, winged torpedo but flies like an underwater bird. Compared with the hard-to-maneuver submersibles that now haul deep-sea explorers sluggishly around the oceans, *Deep Flight* is an aquatic F–16 fighter. It can perform barrel rolls, race a fast-moving pod of whales or leap vertically right out of the sea. With a touch on the controls, a skilled pilot—who lies prone in a body harness, his or her head protruding into the craft's hemispherical glass nose—can skim just below the ocean's surface or plunge thousands of feet below.

But *Deep Flight I* is just a pale prototype of what's to come. Back in their Point Richmond, California, workshop, the craft's designers have already drawn blueprints for its successor. *Deep Flight II*, an industrial strength submersible capable of diving not just a few thousand feet but as far as seven miles straight down, to the Mariana Trench—the aquatic equivalent of Mount Everest or the South Pole or the moon.

More than 35 years after the bathyscaphe *Trieste* took two men, for the first and last time, 35,800 ft. down to the deepest spot in the world—the Mariana Trench's Challenger Deep just off Guam in the western Pacific—undersea adventurers are preparing to go back. Last March a Japanese robot scouted a tiny section of the bottom of the 1,584-mile-long crevasse and sent back the first real-time video images of deepest-sea life. And in laboratories around the world, engineers are hard at work on an armada of sophisticated craft designed to explore—and in some cases exploit—the one great unconquered place on earth: the bottom of the sea.

The irony of 20th century scientists venturing out to explore waters that have been navigated for thousands of years is not lost on oceanographers. More than 100 expeditions have reached Everest, the 29,028-ft. pinnacle of the Himalayas; manned voyages to space have become commonplace; and robot probes have ventured to the outer reaches of the solar system. But only now are the deepest parts of the ocean coming within reach. ''I think there's a perception that we have already explored the sea,'' says marine biologist Sylvia Earle, a former chief scientist at the National Oceanographic and Atmospheric Administration and a co-founder of Deep Ocean Engineering, the San Leandro, California, company where construction of *Deep Flight I* began: ''The reality is we know more about Mars than we know about the oceans.''

That goes not only for the sea's utter-most depths but also for the still mysterious middle waters three or four miles down, and even for the ''shallows'' a few hundred feet deep. For while the push to reach the very bottom of the sea has fired the imagination of some of the world's most daring explorers, it is just the most visible part of a broad international effort to probe the oceans' depths. It's a high-sea adventure fraught with danger, and—because of the expense—with controversy as well.

But the rewards could be enormous: oil and mineral wealth to rival Alaska's North Slope and California's Gold Rush; scientific discoveries that could change our view of how the planet—and the life-forms on it—evolved; natural substances that could yield new medicines and whole new classes of industrial chemicals. Beyond those practical benefits there is the intangible but real satisfaction that comes from exploring earth's last great frontier.

There's a lot to explore. Oceans cover nearly three-quarters of the planet's surface—336 million cu. mi. of water that reaches an average depth of 2.3 miles. The sea's intricate food webs support more life by weight and a greater diversity of animals than any other ecosystem, from sulfur-eating bacteria clustered around deep-sea vents to fish that light up like Times Square billboards to lure their prey. Somewhere below there even lurks the last certified sea monster left from pre-scientific times: the 64-ft.-long squid.

The sea's economic potential is equally enormous. Majestically swirling ocean currents influence much of the world's weather patterns, figuring out how they operate could save trillions of dollars in weather-related disasters. The oceans also have vast reserves of commercially valuable minerals, including nickel, iron, manganese, copper and cobalt. Pharmaceutical and biotechnology companies are already analyzing deep-sea bacteria, fish and marine plants looking for substances that they might someday turn into miracle drugs. Says Bruce Robison of the Monterey Bay Aquarium Research Institute (MBARI) in California: ''I can guarantee you that the discoveries beneficial to mankind will far outweigh those of the space program over the next couple of decades. If we can get to the abyss regularly, there will be immediate payoffs.''

Getting there, though, will force explorers to cope with an environment just as perilous as outer space. Unaided, humans can't dive much more than 10 ft. down—less than one three-thousandth of the way to the very bottom—before increasing pressure starts to build up painfully on the inner ear, sinuses and lungs. Frigid sub-surface water rapidly sucks away body heat. And even the most leathery of lungs can't hold a breath for more than two or three minutes.

For these reasons the modern age of deep-sea exploration had to wait for for two key technological developments: engineer Otis Barton's 1930 invention of the bathysphere—essentially a deep-diving tethered steel ball—and the invention of scuba (short for ''self-contained underwater breathing apparatus'') by Jacques—Yves Cousteau and Emile Gagnan in 1943. Swimmers had been trying to figure out how to get oxygen underwater for thousands of years. Sponge divers in ancient Greece breathed from air-filled kettles; bulky-helmeted diving suits linked by hose to the surface first appeared in the 1800s. But it wasn't until scuba came along that humans, breathing compressed air, were able to move about freely underwater at depths of more than 100 ft.

Even the most experienced scuba divers rarely venture below 150 ft., however, owing to increasingly crushing pressure and the laborious decompression process required to purge the blood of nitrogen (which can form bubbles as a diver returns to the surface and case the excruciating and sometimes fatal condition known as the bends). And pressurized diving suits make it possible for humans to descend only to 1,400 ft.—far short of the deepest reaches of the oceans.

Underwater vehicles date back at least to 1620. But it wasn't until Barton's bathysphere came along that scientists could descend to any respectable depth. The *Bathysphere* eventaully took Barton and zoologist William Beebe to a record 3,028 ft. off Bermuda. But it wasn't at all maneuverable: it could only go straight down and straight back up again. Swiss engineer Auguste Piccard solved the mobility problem with the first true submersible, a dirigible-like vessel called a bathyscaphe, which consisted of a spherical watertight cabin suspended below a buoyant gasoline-filled pontoon. (A submersible is simply a small, mobile undersea vessel used for science.)

The *Trieste*, which took U.S. Navy Lieut. Don Walsh and Piccard's son Jacques into the Challenger Deep, was only the third bathyscaphe ever built, and unlike modern submersibles—which bristle with advanced underwater cameras, grabbers, collection baskets and manipulator arms—it carried nothing but its passengers. Its mission was to test whether humans could reach the abyss, the first step toward developing a fleet of manned submersibles. ''At the time, people were still flying across the atlantic in prop planes,'' recalls Walsh, now a consultant on underwater technology. ''criticizing the Trieste mission for not carrying cameras and other instruments is like chastising the Wright brothers for not carrying passengers.''

In the wake of *Trieste*'s successful dive, the number of submersibles expanded dramatically. The Woods Hole oceanographic Institution's workhorse, the three-person *Alvin* (still in operation), was launched in 1964. And the first robots-on-a-tether—the so-called remotely operated vehicles, or ROVS—WERE DEVELOPED SEVERAL YEARS LATER. THE SOVIET UNION, FRANCE AND JAPAN BEGAN BUILDING THEIR OWN SUBMERSIBLES, EITHER FOR MILITARY OR SCIENTIFIC REASONS, AND FOR THE FIRST TIME SCIENTISTS COULD SYSTEMATICALLY COLLECT ANIMALS, PLANTS, ROCKS AND WATER SAMPLES RATHER THAN STUDY WHATEVER THEY COULD DREDGE UP IN COLLECTION BASKETS LOWERED FROM THE SURFACE.

Thus began a remarkable period of undersea discovery that transformed biology, geology and oceanography. Scientists have started to understand, for example, how year-to-year changes in wind patterns and ocean currents that lead to phenomena like the Pacific's El Niño can not only devastate populations of commercially valuable fish but also trigger dramatic shifts in weather patterns. Oceanic fluctuations over much longer time scales, combined with major currents like the Gulf Stream, may start (and bring to an end) planet-wide climatic changes like the Ice Ages.

Scientists have also learned that far from being a flat, featureless plain, the sea floor is rent and wrinkled with a topography that puts dry land to shame. Not only do the seas hold canyons deep enough to hide the Himalayas, but they are also the setting for what is by far the largest geologic feature on the planet: a single, globe-circling 31,000-mile-long mountain range that snakes its way continuously through the Atlantic, Pacific, Indian and Arctic oceans.

When geologists first visited the mid-ocean range in the late 1970s, they were convinced that it supported the then new theory of plate tectonics. According to this theory, the surface of the earth is not a single, rocky shell but a series of hard ''plates.'' perhaps 50 miles thick and up to thousands of miles across, floating on a bed of partly molten rock. The mid-ocean ridges, geologists argued, were likely locations for planetary crust to be created: the new plate material would be pushed upward by forces from below before it settled back down to form the sea floor.

Rock samples from the Atlantic section of the range—which, when examined closely, proved to be newly formed—provided striking evidence that the theory is correct. But an even more dramatic confirmation came from the Pacific, where black clouds of superheated, mineral-rich water were discovered spewing from chimney-like mounds on the sea bottom—evidence that the rocks below still carried tremendous heat from their relatively recent formation.

These hot gushers, now known as hydrothermal vents, have since been found in many parts of the world, and because they occur at average depths of about 7,300 ft., oceanographers have been able to visit and study a dozen of them. The vents are essentially underwater geysers that work much the same way Old Faithful does. Seawater percolates down through cracks in the crust, getting progressively hotter. It doesn't boil, despite temperatures reaching up 750° F, because it is under terrific pressure. Finally, the hot water gushes back up in murky clouds that cool rapidly, dumping dissolved minerals, including zinc, copper, iron, sulfur compounds and silica, onto the ocean floor. The material hardens into chimneys, known as ''black smokers'' (one, nicknamed Godzilla, towers 148 ft. above the bottom).

The chemistry of the vents has provided answers to questions that have perplexed scientists for years. For example, marine geochemists could never understand why the amount of magnesium in seawater remained relatively constant, even though the element is continually eroding into the oceans from dry land. Now they know that magnesium is completely stripped from seawater as it passes through the hot rock—something all the water in the oceans will do every 10 million years.

While academics think of the vents as fascinating natural chemistry labs, capitalists view them as mini-refineries, bringing valuable metals up from the planet's interior and concentrating them in convenient locations. Oceanographers have long known that parts of the Pacific sea floor at depths between 14,000 ft. and 17,000 ft. are carpeted with so-called manganese nodules, potato-size chunks of manganese mixed with iron, nickel, cobalt and other useful metals. In the 1970s, Howard Hughes used the search for nodules as a cover for building the ship *Glomar Explorer*, which was used to salvage a sunken Soviet sub. Now several mining companies are drawing up plans to do with more up-to-date equipment what Hughes only pretended to do.

If the discovery of the vents was a major surprise, scientists were astronished to learn that at least some of these submerged geysers—whose hot, sulfurous environs bear more than a passing resemblance to hell—are actually bursting with life. Nobody had invited biologists along to study the vents because nobody imagined there would be anything to interest them. But on a dive off the Galapagos in 1977, researchers found the water around a vent teeming with bacteria and surrounded for dozens of feet in all directions with peculiar, 8-in.-long tube-shaped worms, clams the size of dinner plates, mussels and at least one specimen of a strange pink-skinned, blue-eyed fish.

Recalls biologist Holger Jannasch, at Woods Hole in Massachusetts: ''I got a call through the radio operator at Woods Hole from the chief scientist . . . who said he had discovered big clams and tube worms, and I simply didn't believe it. He was a geologist, after all.'' Disbelief was quickly replaced by intense curiosity. What were these animals feeding on in the absence of any detectable food supply? How were they surviving without light? The answer, surprisingly, had been found by a Russian scientist more than 100 years earlier. He had shown that an underwater bacterium, *Beggiatoa*, lived on hydrogen sulfide, a substance that is highly toxic to most forms of life. The bacterium was chemosynthetic—as opposed to photosynthetic—getting its energy from chemicals rather than from the sun.

The bacteria around the vents, in turn, were living inside the mollusks and worms, breaking down other chemicals into usable food—an ecological niche nobody had suspected they could fill. Many biologists now believe that the very first organisms on earth were chemosynthetic as well, suggesting that the vents may well be the best laboratory available for studying how life on the planet actually began.

Do scientists expect even more surprises as they venture farther below the surface? The question is a crucial one, as both scientists and policymakers debate the finances of deep-sea exploration. Most everyone acknowledges that there is some value in studying the oceans. It's expensive, though, and because of generally tight budgets, even the few existing manned submersibles (which in any case are rated only for depths above 20,000 ft.) often have to sit idle. Building more strikes some as a waste of money.

That includes some scientists. Although he has never been to the very deepest trenches, ocean explorer Robert Ballard of Woods Hole, who is best known for discovering the wreck of the *Titanic* in 1985, is convinced that the action lies in the relative shallows. ''I believe that the deep sea has very little to offer,'' he says. ''I've been there. I've spent a career there. I don't see the future there.'' The French have decided not even to bother trying to break the 20.000-ft. barrier- the range of their deepest-diving submersible, the three-person *Nautile*. Says Jean Jarry, director of the Toulon-sur-Mer research center of IFREMER, France's national oceanographic institute: ''We think that's a good depth because it covers 97% of the ocean. To

go beyond that is not very interesting and is very expensive.

But that attitude is far from universal. Biologist Greg Stone, of the New England Aquarium in Boston, compares reaching the deepest abyss with Christopher Columbus' search for the New World. ''Why should we care about the deepest 3% of the oceans, and why do we need to reach it?'' he asks rhetorically. ''For one, we won't know what it holds until we've been there. There will certainly be new creatures. We'll be able to learn where gases from the atmosphere go in the ocean. We'll be able to get closest to where the geological action is. We know very little about the details of these processes. And once we're there, I'm sure studies will open up whole sets of new questions.''

Only the richest countries can afford to explore these questions, of course, and while most expeditions are made up of scientists from many lands, the world's deep-sea powers—the U.S., France, Japan and, until economic troubles all but ended its program, Russia—are always aware of who's ahead in the quest for the bottom. At the moment, it's probably Japan, not least because of the triumphant touchdown in the Challenge Deep last March of its 10.5-ton, $41.5 million ROV called Kaiko. The Japanese got into ocean research well after the French, Americans and Russians. But the country has made up for lost time. Says Brian Taylor, a marine geologist at the University of Hawaii and a sometime visiting scientist at the Japan Marine Science and Technology Center (JAMSTEC): ''The Japanese are on the leading edge.''

The Japanese, to be sure, are always interested in a new market opportunities. But they have a more compelling need to understand the ocean floor: the southern part of the island nation has the bad luck to sit on the meeting place of three tectonic plates. As these plates grind against each other, they generate about one-tenth of the world's annual allotment of earthquakes, including plenty of lethal quakes like the one that killed 5,500 people in Kobe in January and the famous 1923 Tokyo temblor in which more than 142.000 perished.

The desperate need to anticipate future quakes is one reason JAMSTEC built the *Shinkai 6500* submersible, which can go deeper than any other piloted craft in the world. On its very first series of missions in 1991, *Shinkai* found unsuspected deep fissures on the edge of the Pacific plate, which presses in on the island nation from the east. The vessel has also discovered the world's deepest known colony of clams (at a depth of more than 20,000 ft.) and a series of thickly populated hydrothermal vents.

Unlike the French and some Americans, though, the Japanese feel a need to go all the way to the deepest reaches of the ocean. A case in point was *Kaiko* dive to the bottom of the Challenger Deep. Jamstec engineers watched anxiously on a video screen, the robotic craft spent 35 min. at a depth of 35,798 ft.—2 ft. shy of *Trieste*'s 1960 record. But during that brief visit, *Kaiko* saw a sea slug, a worm and a shrimp, proof that even the most inhospitable place on earth is home to a variety of creatures. Next winter *Kaiko* will return to the deep to look for more signs of life.

Japan's latest success adds fuel to yet another debate about deep-sea exploration. Some scientists insist that remote-controlled, robotic craft are no substitute for having humans on the scene. Says Mlari's Robison: ''Whether you're a geologist or a biologist, being able to see with your own eyes is vital. That's a squiffy-sounding rationalization, but it's true.'' There are other advantages too, he notes. ''The human eyes are connected to the best portable computer there is [the brain]. ANd when things go wrong, a person can often fix them faster, more easily and more efficiently than a robot can. Look at the Hubble Space Telescope repair mission.''

But others argue that robots—whether tethered, like *Kaiko* or untethered, like the new generation of autonomous underwater vehicles known as AUVS—can do the job just as well. Not only are they much cheaper to build and run than human-operated submersibles, but they can also work for long periods under the most hazardous of conditions. Moreover, remotely operated vehicles such as *Kaiko* put scientists on the scene, at least in a virtual sense, through video images piped in real time through the fiber-optic cable. Researchers can gather around a monitor and discuss what they are seeing without distractions. ''You're focused,'' says Ballard. ''You're not thinking, 'Is there enough oxygen in here? I've got a headache. I just hit my head. I've got to go to the bathroom.' ''

The cheapest way to explore the ocean floor, however, may be with the free-floating AUVS, which can roam the depths without human intervention for months on end. Although they cannot yet provide real-time pictures, they can stay on the bottom as long as a year, patiently accumulating data. Two American AUVS—a government- and university-funded craft called *Odyssey* and Woods Hole's Autonomous Benthic Explorer—have just completed tests off the coast of Washington and Oregon. Eventually, fleets of these robots could communicate among themselves to provide information in the most efficient way, periodically surfacing to beam their data to researchers on shore.

Most scientists think the ideal solution would be to use a mix of all three types of vehicles. There is no shortage of designs—but many may never be built. Even Japan's JAMSTEC, whose constantly growing research budget is reasonably secure for now, has its limitations. In the event of a severe economic slump, says Takeo Tanaka, a planning official for the agency, ''we may not be able to get funding for new deep-sea probes.'' France has no plans to build more manned submersibles—and in fact may ask support from other European Union countries to help subsidize its own program, turning a national effort into a consortium much like the European Space Agency.

And in the U.S., once the leader in deep-sea research, the future looks bleak. The Federal Government is giving less and less money to civilian scientists, while the military considers mines in shallow waters a much greater threat than Russian submarines. Laments *Trieste* veteran Walsh: ''If I had seen a Russian footprint instead of a fish on the bottom, the program might have gotten more support.''

Even without further budget cuts, oceanographers are being forced to look for private funding to bolster their programs. A fifth of France's present oceanography budget comes from renting out the country's expertise. The *Nautile*, for example, was hired to retrieve artifacts from the *Titanic* in 1987, and last year the Rodederer Champagne company paid IFREMER for an ultimately unsuccessful attempt to find the sunken airplane of French author and aviator Antoine de Saint-Exupéry.

In the U.S., the most innovative new designs in underwater craft are coming from such private companies as Deep Ocean Engineering. Founded by Marine biologist Earle and British engineer Graham Hawkes in 1981 (they married in 1986 but have since divorced), the firm designs and builds undersea-exploration vehicles on commission, mostly for the oil and gas industry, various navies, universities and even film crews. The two *Deep Flight I* vehicles, which Hawkes began with the company but completed independently, were financed by several film and television firms and Scientific Search Project, a marine-archaeology company.

Paradoxically, forcing submersible design into the competitive marketplace may prove to be a boon to underwater research. A new version of *Shinkai 6500* would cost perhaps $100 million and require a new surface ship as well. Says Hawkes, who designed *Deep Flight* and will put it through its initial paces: ''That's so expensive that they'll only build one, which means it could only be in one place at a time. *Deep Flight,* he says, could cut through this impasse. ''If we're successful, it will show that we can access the bottom of the ocean in vehicles costing $5 million. They're so small and light, you can send them anywhere.''

Hawkes' eventual goal is to give away the plans for *Deep Flight I* free to anyone who wants them. When *Deep Flight II* is finished, he hopes, trips to the deepest abyss could become almost routine. Today, the larger craft is still looking for a patron, but Hawkes is undaunted. ''We'll get the funding,'' he says confidently. ''After all, one *Deep Flight* costs less than what you need for an America's Cup campaign—and the payoff is 10 times as rewarding.''

He is probably right. Despite the budget cuts, despite the inhospitable environment, despite the pressing danger, there is little doubt that humans, one way or the other, are headed back to the bottom of the sea. The rewards of exploring the coldest, darkest waters—scientific, economic and psychological—are just too great to pass up. Ultimately, people will go to the abyss for the same reason Sir Edmund Hillary climbed Everest; because it's there.

Mr. LOTT. Mr. President, today I am joining Senator AKAKA in introducing legislation which will continue a valuable marine minerals research program started less than a decade ago. With a relatively small input of Federal seed money, this unique program directs an aggressive and successful applied research effort at two universities. Already, it has delivered concrete accomplishments, as well as produced a cadre of enthusiastic and talented students, who are now trained with practical hands-on experience.

To date, achievements include low-cost, highly effective geophysical, geochemical, and geotechnical systems to survey America's Exclusive Economic Zone. These systems can remotely determine physical and chemical properties on and beneath the sea floor. This information is used by universities, offshore industries, and the government.

I want to mention just three ongoing research projects to illustrate how this academic approach is actually developing new technologies to meet our future economic needs:

First, an acoustical filter system to control dredging turbidity and to process industrial waste;

Second, a geophysical system to identify mineral deposits—even unexploded ordnance or sand for coastline stabilization; and

Third, a geochemical system to use sea floor chemistry for locating important minerals and assessing sediment pollutants.

It goes without saying that these efforts are of great value environmentally, economically, and strategically. Let me translate these efforts into a tangible example—beach replenishment. By making it more cost effective through a system which locates the right type of sand, the Government can fix more coastal communities with less financial resources, thus protecting this delicate environment that millions of Americans enjoy.

Another example is the Navy's ability to find unexploded ordnance in offshore ranges so the ordnance can be removed and the ranges decommissioned, thus making our coastal waters safer. These examples clearly make the point that this unique university-based approach should be continued.

These systems will enable America to access and harvest its vast mineral resources which are hidden at the bottom of the ocean.

These systems will offer solutions for major environmental problems, and not just those associated with the oceans.

These systems, at the same time they expand the technological envelope, will provide new jobs and new prosperity—all within a framework of environmental stewardship and responsibility.

I ask my colleagues to examine the merits of this research and support this exceptional cooperative program which involves universities dealing with applied problems in both marine resources and marine environments.

---

By Mr. DOMENICI:

S. 1195. A bill to provide for the transfer of certain Department of the Interior land located in Grant County, NM, to St. Vincent DePaul Parish in Silver City, NM, and for other purposes; to the Committee on Energy and Natural Resources.

THE FATHER AULL SITE TRANSFER ACT OF 1995

Mr. DOMENICI. Mr. President, I introduce the Father Aull Site Transfer Act of 1995, which will transfer a parcel of land from the Bureau of Land Management [BLM] to the St. Vincent DePaul Parish in Silver City, NM. This transfer is necessary to allow the parish to rehabilitate the historic structures at the site, and to provide for their future use and protection from destructive vandalism that is currently occurring.

Mr. President, Father Roger Aull was a German Jesuit priest, probably born about 1895. He served as a Catholic chaplain during the First World War, but due to ill health, he moved to the Southwest to take advantage of the dry climate. He first settled in San Lorenzo, near Silver City, where he built a beautiful stone house and chapel, before being asked to leave the property which did not belong to him. The structures at San Lorenzo are now listed on the New Mexico Register of Historic Sites.

After leaving San Lorenzo, he settled on a parcel of land near Central, believing that he had received clear title to the tract. Again he set out to establish a local parish, and built another beautiful monastery out of stone collected from the nearby hillsides. This monastery included a house for machines he invented for treating lung problems, the Halox Therapeutic Generator, along with a beautiful chapel, barns for the animals, and many exquisite grottos and gardens. Unfortunately, it was later discovered that this site was actually on public domain land, and Father Aull's assumption of clear title was again incorrect. The site has become historically significant to the Silver City community, and I ask unanimous consent to include in the RECORD, an article by local historian, Audrey H. Hartshorne, describing in greater detail the history of this man and his contributions to the Silver City area.

In March, 1993, the U.S. Forest Service Office in Silver City contacted Membres Resource Area personnel to report a trespass on BLM land. Apparently, a local man had moved his double-wide mobile home and installed improvements on public land adjacent to the Father Aull monastery. Because this is an isolated tract of the three million acres managed by the Membres Resource Area, no one in the Resource Area was aware of the monastery's existence until the trespass was investigated. The trespass case and the site drew national attention when the man refused to remove his mobile home from public land.

Vandalism, which has been a problem at the site for some time, has increased dramatically over the last few years. The beautiful structure is now being vandalized almost daily. A fire, set by vandals, destroyed the wooden roof, and the rock walls are being dismantled and the rocks carried away. The site has become a party place for local teens and cult worshipers, and new graffiti appears on the structures almost daily. Recently, a suicide was committed on the property. The local sheriff's department has informed the BLM that the calls to respond to disturbances at the site are becoming too frequent, and has asked for the BLM's assistance in this matter.

Unfortunately, there are several circumstances that limit the Bureau's ability to remedy the situation. A locked gate cannot be placed on the road leading into the property because the road is used by an elderly couple in ill health access their private property. Additionally, the site is some 50 miles from the nearest BLM office in Deming, and due to its isolation from other resources managed through this office, cannot receive the needed attention to prevent further problems at the site.

Mr. President, the bill I am introducing today will provide for a solution to this problem, and has been suggested to me by local BLM officials. A local church, the St. Vincent DePaul Parish in Silver City, has also raised concerns with the BLM, but in addition, have offered to provide a solution to the problems occurring at the site. This local church has offered to buy the property, but due to a limited budget, this would not allow them to begin restoring the buildings on the site for some time.

If, however, the property could be obtained by the church without a substantial expenditure, they would be able to begin to restore the buildings almost immediately. Under the proposal that the parish has presented, the area would be cleaned up, the chapel and other structures restored and used as a spiritual retreat and health center. The facilities would not be intended for providing for the homeless; however, no one would be turned away. It would not be a residence for the users, and no medical treatments would be conducted on the site, but would provide people suffering from various debilitating maladies a quiet retreat for reflection and renewal. Finally, the church would provide for a caretaker to live on-site, and it would work with the State Historical Society to restore the structures.

I believe this to be the best way to protect and use this small isolated tract of BLM land. The parish has the resources and people necessary to restore the site and protect the property from further destruction. The community would be involved in the protection of the site that has become so important to many local residents, but that is currently at great risk of continued vandalism.

Mr. President, I ask that the text of the bill be printed in the RECORD, and I urge my colleagues to support this legislation.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1195

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Father Aull Site Transfer Act of 1995''.

**SEC. 2. FINDINGS.**

Congress finds that—

(1) the buildings and grounds developed by Father Roger Aull located on public domain land near Silver City, New Mexico, are historically significant to the citizens of the community;

(2) vandalism at the site has become increasingly destructive and frequent in recent years;

(3) because of the isolated location and the distance from other significant resources and agency facilities, the Bureau of Land Management has been unable to devote sufficient resources to restore and protect the site from further damage; and

(4) St. Vincent DePaul Parish in Silver City, New Mexico, has indicated an interest in, and developed a sound proposal for the restoration of, the site, such that the site could be permanently occupied and used by the community.

**SEC. 3. CONVEYANCE OF PROPERTY.**

As soon as practicable after the date of enactment of this Act, and subject to valid existing rights, the Secretary of the Interior shall convey by patent to St. Vincent

DePaul Parish in Silver City, New Mexico, without consideration, all right, title, and interest of the United States in and to the land (including improvements on the land) consisting of approximately 43.06 acres, located approximately 10 miles east of Silver City, New Mexico, and described as follows: T. 17 S., R. 12 W., Section 30: Lot 13, and Section 31: Lot 27 (as generally depicted on the map dated July 1995).

**SEC. 4. RELEASES.**

(a) IN GENERAL.—Upon the conveyance of any land or interest in land identified in section 3 to St. Vincent DePaul Parish, St. Vincent DePaul Parish shall assume any liability for any claim relating to the land or interest in the land arising after the date of the conveyance.

(b) NEPA.—The conveyance described in section 3—

(1) is deemed to have no significant impact on the environment; and

(2) shall not be subject to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

**SEC. 5. MAP.**

The map referred to in this Act shall be on file and available for public inspection in—

(1) the State of New Mexico Office of the Bureau of Land Management, Santa Fe, New Mexico; and

(2) the Las Cruces District Office of the Bureau of Land Management, Las Cruces, New Mexico.

FATHER ROGER AULL—SAINT, SINNER, OR SCIENTIST?

(By Audrey H. Hartshorne)

IN THE BEGINNING

There was a German Jesuit Priest, named Roger Aull. (Probably born about 1895.) He had received a good education for those days. He had college courses in medicine, chemistry, iridology, and dietetics. He had lectured at Notre Dame and St. Josephs. He served as a Catholic Chaplain in World War One. While in France he was gassed, which caused him to have abcessed lungs.

After the war he came to New York, trying to get doctors to help him with his respiratory problems. He was told he was a dying man and the best they could suggest was that he go to the Southwest where the climate would, at least, give him some relief during his final days.

He gave away or sold all of his belongings and headed, hobo style, for the southwest. He ended up in San Lorenzo in the 1930's. He had been a large man and was strong enough to work in spite of his breathing problems. He was skilled in trades such as masonry and carpentry. While in the San Lorenzo area he was befriended by a Mexican family named Morales. He built himself a beautiful stone house and a chapel. Some say it was on the property owned by Morales, others say it was actually owned by a Mr. Charles Giraud. He soon added to it with a place for chickens and a pig.

Among the people who helped him haul stones for these buildings were Joe and Francisco Dominguez. They say he was fussy about the stone. He always said they had to be from one certain area, and be a certain size, and be flat on two sides with an oval shape.

ON THE MIMBRES

In 1935 he met a mining engineer named Alex Raymond Morrison, who operated a gold and silver mine some distance to the north. Mr. Morrison for many years had been curious as to why his mining men never suffered from the common cold or other respiratory infections. He felt that the salts prevalent in his mine, which gave off a very peculiar smelling gas, were probably responsible. He finally decided, according to Mr. Caporaso in his book about Father Aull, ''that static electricity in the ground separated or dissolved the components formed by the union of the salt concentrates and the mineral-laden water, automatically generating this gas.'' He dreamt of generating it for medicinal purposes.

Morrison invited Father Aull to visit the mine. The more often he visited, the better Roger's abcessed lungs became. In return Father Aull said Mass for the miners every morning and even helped carry out ore.

During this period (late 1930's) Father Aull visited his mother in Illinois and an acquaintance there showed him a gas generator which the friend was working on to be used for therapeutic inhalation. When Aull returned to Grant County, he and Mr. Morrison began working on and improving the generator and combining it with their theory about how the chlorine gas was formed in the mine. They tested the resulting machine on animals. (Some say it was on dogs with colds, others say the dogs actually had distemper and it cured them.) Then, although Roger's lungs were almost cured, he tested it on himself. It seemed very successful. They christened the machine the ''Halox Therapeutic Generator''. People began coming for treatments. No charge was made, but donations were accepted.

In 1940 Mr. Morrison passed away. At about the same time, the owner of the land he had built on (Morales, or Giraud?) said they objected to all the traffic (and maybe secretly coveted Aull's neat little farm) and ordered him off the land (some say at gun point). Since the land had never actually been transferred into Aull's name, he had no choice but to pack up his machine and his Bible and head off, hobo style, once again.

ON A HILLSIDE IN CENTRAL

Friends came to his rescue. Albert Garrett (also a mining engineer) and his wife Lennie transferred to him official title to a portion of what they thought was their land in Central, New Mexico. This time title to the land was secured in his name, at the Silver City Courthouse.

Roger once again began building, stone-upon-stone to create a beautiful sanctuary for everyone who came to try his machine. He had a large room to house the machines for the treatments, a beautiful church, barns for the animals he loved so much, and many beautiful grottos and gardens, as well as some of the most beautiful scenery anyone could ask for. He still only accepted donations, but if you didn't have any money to donate, you could help with the building to pay your way. He never turned anyone away.

In 1940, a professional golfer named Anthony Caporaso, who had been sent to the southwest with an incurable lung problem came to try the cure. It worked! He became an avid backer of the program. He stayed on and worked on the rock walls and gardens to pay for his cure. In later years he wrote a book about Father Aull.

During this period, with many people coming for the cure, a woman who also had severe arthritis came and was cured of both her breathing problem and the arthritis. Word spread, and suddenly hundreds of people were searching him out to be cured. A company was formed to manufacture the Halox and Father Aull opened clinics in Carlsbad, Del Rio, El Paso, Denver, San Francisco and Tombstone, Arizona. Many doctors began using or recommending his Halox Generator, However, the A.M.A. never would accept it and endorse it. (They refused either because it was dangerous to mess with Chlorine gas or because they didn't stand to make any profit from it . . . . take your choice.)

IN TOMBSTONE

On August 4, 1948 while on a trip to his Clinic in Tombstone, Father Roger Aull suffered a heart attack and died. Most of the clinics closed and the group that had helped with the manufacture of his machines just folded up. Subsequently, Bob Stepp, a trader in Silver City, bought up many of the machines. One machine has been donated to the Silver City Museum.

People who came and were cured, called him a Saint. Some of this was possibly due to his skill in iridology. They were more impressed by his skill of looking into their eyes and telling them what their troubles were, than they were with the machine.

The IRS discovered $25,000 in his estate after his death. They called him a Sinner and confiscated the money.

Since many of the people who came were legitimately cured, perhaps he was a Scientist.

ITS NOT OVER 'TIL ITS OVER

When Reverend Roger Aull died, so did people's faith in the Halox Therapeutic Generator. The Clinics closed. (The Tombstone Clinic stayed open for a while under the direction of a Doctor Paul Zinn.) So strong had been the belief that the Reverend Aull had been personally responsible for the seemingly miraculous cures, that the machines never seemed as effective with him gone.

The Garretts took care of settling most of the property and the business. A Mr. Mrachek had been building the machines in his shop in Central and began to try to get rid of them. Some of the equipment seems to have ended up at the old T and M Dairy in Hanover. Many of the items from the Chapel were given to or taken by some of the local Catholic Churches.

After the Garretts passed away, an investigation of the property deeds revealed that the land Aull built on had actually been BLM property. The Three Brothers Mining Company did patent a claim on it, but this does not give them the surface rights to the buildings. For years the buildings had just sat there deteriorating, hurried along by intermittent vandalism. The roof of the medical room was burned, one wall was torn down to steal the rocks on it, and, in general garbage, etc. has been strewn around. A Mr. Wilguess moved a trailor home on the property and has tried to clean it up and to protect it, but the BLM says that is illegal and he had had to move off.

There seems to have been a renaissance of interest in Father Aull and his beautiful rock buildings and grottos. Perhaps the BLM will be able to restore, and protect the beautiful site. Who knows what another fifty years might bring.

---

By Mr. CRAIG:

S. 1196. A bill to transfer certain National Forest System lands adjacent to the townsite of Cuprum, ID; to the Committee on Energy and Natural Resources

THE CUPRUM TOWNSITE RELIEF ACT

• Mr. CRAIG. Mr. President, I introduce the Cuprum Townsite Relief Act of 1995.

In 1909, President William Taft accepted payment and granted a tract of land contained within the townsite of Cuprum, ID, to the occupants. Cuprum was a mining community and remains a community to this day. The quarter corner locating the community was established in 1891. A private survey of the town was done in 1899 for the purpose of providing a basis for a townsite

patent. A townsite patent was issued in 1909 that was based on the private survey. A recent Federal survey of the area has discovered inconsistencies between the description contained in the patent and the updated survey. This has called into question the boundaries of several lots within the townsite that now are surveyed as extending into the National Forest System lands adjacent to the townsite.

This legislation will resolve the problem brought on by the incorrect description of the original boundaries granting the land. This legislation will allow the correction of the boundary of the Cuprum Townsite and place the boundary at the location that has been relied upon since the turn of the century. The citizens of Cuprum deserve to have this error corrected by speedy action of the Congress.●

---

By Mr. MACK (for himself, Mr. FRIST, Mr. D'AMATO, Mr. SHELBY, Mr. Abraham, Mr. SANTORUM, Mr. DEWINE, and Mr. FAIRCLOTH):

S. 1197. A bill to amend the Federal Food, Drug, and Cosmetic Act to facilitate the dissemination to physicians of scientific information about prescription drug therapies and devices, and for other purposes; to the Committee on Labor and Human Resources.

HEALTH CARE COMMUNITY LEGISLATION

● Mr. MACK. Mr. President, today, I am introducing legislation to ensure that physicians and their patients have the best and most current information at their disposal when making medical treatment decisions. I am pleased Senator FRIST has agreed to join me in this effort. His firsthand experience as a distinguished surgeon has been invaluable as we worked to craft this legislation. Also joining us as cosponsors are Senators D'AMATO, SHELBY, ABRAHAM, SANTORUM, DEWINE, and FAIRCLOTH.

When the U.S. Food and Drug Administration [FDA] approves a new prescription drug or medical device, it does so for specified uses. Frequently, however, scientist discover the drug or device is also beneficial in treating other medical conditions. Physicians are free to prescribe prescription drugs and use medical devices for these new, off-label, uses.

However, since 1991, the FDA has prohibited the industry from distributing scientific articles about these important new uses. I have been told that as many as 40 percent of all prescriptions are for an off-label use. Accordingly, one has to question the wisdom of withholding such vital information about new uses.

Our legislation would permit the dissemination of certain information about off-label uses of FDA-approved prescription drugs and medical devices to physicians. It is important to emphasize that our legislation applies only to the dissemination of peer-reviewed articles from medical and scientific journals, textbooks, and similar publications. In so doing, it ensures the objectivity of the information. Furthermore, it would permit the distribution of information which is the subject of a scientific or educational program which is approved by an independent continuing medical education accrediting entity. Finally, the legislation would include peer-reviewed data on a pharmaceutical or device which is recognized under Federal law for purposes of third party coverage or reimbursement, such as Medicare.

Several other safeguards are built in to the legislation. First, our bill requires disclosure that the information being disseminated has not been approved by the Secretary of Health and Human Services, and also that the information is being disseminated at the expense of the drug's sponsor. Second, it requires disclosure of my financial arrangement between the authors of the data and the manufacturer of the subject drug or device.

The FDA's gag rule on the distribution of information about new uses of prescription drugs and medical devices inhibits the ability of a physician and his or her patient to make informed decisions about the patient's course of treatment. No physician, no matter how dedicated he or she might be, can possibly read every scientific journal or attend every medical seminar. This bill will maximize the ability of physicians to gain insight about new uses of approved therapies to treat a patient's illnesses or improve their quality of life.

The American Medical Association, in a letter to the FDA on the subject, stated, ''the dissemination of accurate and unbiased information about off-label uses of approved drugs and medical devices to practicing physicians is essential to the provision of high quality medical care.''

The current policy prohibiting the exchange of scientific data is another example of the Federal Government taking medical decisions out of the hands of physicians and patients and putting them in the hands of Government bureaucrats. In addition, the policy may be a violation of the first amendment to the Constitution.

Mr. President, five members of my family and I have each battled cancer. All but my brother, Michael, survived thanks in part to advances in medical science. I know from personal experience how important it is for physicians to have the data and information they need to make informed choices about a patient's course of treatment. I would hate to think that something more could be done for people like Michael but for the Government's unwarranted limitation on what a physician may be told about new treatments. The Congress of the United States must act now to ensure that physicians have access to the most current medical literature.

We look forward to working with Senator KASSEBAUM and members of the Senate Committee on Labor and Human Resources to ensure swift passage of this commonsense FDA reform legislation. We encourage our Senate colleagues to join us in this effort.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1197

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. FINDINGS.**

Congress finds that—

(1) fostering and protecting the highest possible standards of health care for the American people require—

(A) creative scientific inquiry and information exchanges in the medical sciences and the industries that serve the American people;

(B) dissemination and debate of the results of such inquiry within the medical community; and

(C) rapid development, testing, marketing approval, and accessibility of state-of-the-art health care products, such as drugs, biologics, and medical devices;

(2) traditionally, free-flowing information exchanges between health professionals and the producers of health care products, with respect to potentially beneficial new uses of existing products, have been a means to achieve scientific advances and medical breakthroughs;

(3) such information exchanges have been protected by law, but erroneous interpretation, application, and enforcement of existing law have inhibited and even foreclosed such information exchanges in recent years; and

(4) it is imperative to the health of the American people to enact legislation to clarify the intent of Congress and the existing state of the law to stimulate and encourage such educational and scientific information exchanges among industry and health care practitioners.

**SEC. 2. INFORMATION EXCHANGE AMENDMENTS.**

Chapter III of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355 et seq.) is amended by adding at the end thereof the following new sections:

**''SEC. 311. DISSEMINATION OF TREATMENT INFORMATION ON DRUGS AND BIOLOGICAL PRODUCTS.**

''(a) DISSEMINATION OF TREATMENT INFORMATION.—

''(1) IN GENERAL.—Notwithstanding sections 301(d), 502(f), 505, and 507 and section 351 of the Public Health Service Act (42 U.S.C. 262), and subject to the requirements of paragraph (2) and subsection (b), a person may disseminate to any person that is a health care practitioner or other provider of health care goods or services, a pharmacy benefit manager, a health maintenance organization or other managed health care organization, or a health care insurer or governmental agency, written information, or an oral or written summary of the written information, concerning—

''(A) a treatment use for an investigational new drug or an investigational biological product approved by the Secretary for such treatment use; or

''(B) a use (whether or not such use is contained in the official labeling) of a new drug (including any antibiotic drug) or a biological product for which an approval of an application filed under section 505(b), 505(j), or 507, or a product license issued under the Public Health Service Act, is in effect.

''(2) REQUIREMENTS.—A person may disseminate information under paragraph (1)(B) only if—

''(A) the information is an unabridged—

''(i) reprint or copy of a peer-reviewed article from a scientific or medical journal that is published by an organization that is independent of the pharmaceutical industry; or

''(ii) chapter, authored by an expert or experts in the disease to which the use relates, from a recognized reference textbook that is published by an organization that is independent of the pharmaceutical industry;

''(B) the text of the information has been approved by a continuing medical education accrediting agency that is independent of the pharmaceutical industry as part of a scientific or medical educational program approved by such agency;

''(C) the information relates to a use that is recognized under Federal law for purposes of third-party coverage or reimbursement, and—

''(i) the text of the information has been approved by an organization referred to in such Federal law; or

''(ii) the information is part of a disease management program or treatment guideline with respect to such use; or

''(D) the information is an accurate and truthful summary of the information described in subparagraph (A), (B), or (C).

''(b) DISCLOSURE STATEMENT.—In order to afford a full and fair evaluation of the information described in subsection (a), a person disseminating the information shall include a statement that discloses—

''(1) if applicable, that the use of a new drug or biological product described in subparagraph (A) or (B) of subsection (a)(1) and the information with respect to the use have not been approved by the Food and Drug Administration;

''(2) if applicable, that the information is being disseminated at the expense of the sponsor of the drug or biological product;

''(3) if applicable, that one or more authors of the information being disseminated are employees of or consultants to the sponsor of the drug or biological product; and

''(4) the official labeling for the drug and biological product, or in the case of a treatment use of an investigational drug or biological product, the investigator brochure and all updates thereof.

''(c) DEFINITION.—As used in this section, the term 'expense' includes financial, in-kind, and other contributions provided for the purpose of disseminating the information described in subsection (a).

''(d) SPECIAL RULE.—In the case of a professional disagreement between the Secretary and other qualified experts with respect to the application of section 502(a), the Secretary may not use section 502 to prohibit the dissemination of information in the types of circumstances and under the conditions set forth in subsections (a) and (b).

**''SEC. 312. DISSEMINATION OF INFORMATION ON DEVICES.**

''(a) DISSEMINATION OF INFORMATION.—Notwithstanding sections 301, 501(f), 501(i), 502(a), 502(f), and 502(o), or any other provision of law, and subject to subsections (b) and (c), a person may disseminate to any person that is a health care practitioner or other provider of health care goods or services, a pharmacy benefit manager, a health maintenance organization or other managed health care organization, or a health care insurer or governmental agency, written or oral information (including information exchanged at scientific and educational meetings, workshops, or demonstrations) relating to a use, whether or not the use is described in the official labeling, of a device produced by a manufacturer registered pursuant to section 510.

''(b) DISCLOSURE STATEMENTS AND REQUIREMENTS.—

''(1) DISCLOSURE STATEMENTS.—To the extent practicable, the requirement with respect to a statement of disclosure under subsection (b) of section 311 shall apply to the dissemination of written and oral information under this section, except that this paragraph shall not apply to the dissemination of written or oral information with respect to the intended use described in the labeling of a device.

''(2) ADDITIONAL REQUIREMENTS.—A person may disseminate information under subsection (a) only if—

''(A) the information is an unabridged—

''(i) reprint or copy of a peer-reviewed article from a scientific or medical journal that is published by an organization that is independent of the medical device industry; or

''(ii) chapter, authored by an expert or experts in the medical specialty to which the use relates, from a recognized reference textbook that is published by an organization that is independent of the medical device industry;

''(B) the information has been approved by a continuing medical education accrediting agency that is independent of the medical device industry as part of a scientific or medical educational program approved by such agency;

''(C) the information relates to a use that is recognized under Federal law for purposes of third-party reimbursement, and—

''(i) the text of the information has been approved by an organization referred to in such Federal law; or

''(ii) the information is part of a disease management program or treatment guideline with respect to such use; or

''(D) the oral or written information is—

''(i) part of an exchange of information solely among health care practitioners, health care reimbursement officials, and the industry;

''(ii) exchanged for educational or scientific purposes; and

''(iii) presented at continuing medical education programs, seminars, workshops, or demonstrations.

''(3) APPLICABILITY.—The requirements under subsection (a)(1)(A) and (B) of section 311 shall not apply with respect to devices.

''(c) INFORMATION DISSEMINATION NOT EVIDENCE OF INTENDED USE.—Notwithstanding section 502(a), 502(f), 502(o), or any other provision of law, the written or oral dissemination of information relating to a new use of a device, in accordance with this section, shall not be construed by the Secretary as evidence of a new intended use of the device that is different from the intended use of the device set forth on the official labeling of the device. Such dissemination shall not be considered by the Secretary as labeling, adulteration, or misbranding of the device.''.

**SEC. 3. PRESERVATION OF CURRENT POLICY.**

Nothing in this Act or the amendment made by this Act shall affect the ability of manufacturers to respond fully to unsolicited questions from health care practitioners and other persons about drugs, biological products, or devices.●

● Mr. FRIST. Mr. President, I join my distinguished colleague from Florida, Mr. MACK, in introducing legislation that will further liberate the American people, and specifically the health care community, from excessive, and destructive Government interference. Mr. President, before coming to this body as a citizen legislator, I worked as a heart and lung transplant surgeon, and experienced firsthand the way the Food and Drug Administration prohibits physicians from sharing information that could save their patients' lives. Mr. President, the bill that I'm introducing today will allow the free flow of information in the scientific and medical community about new uses for FDA-approved prescription drugs and devices.

Mr. President, this bill is vitally important for patients and their doctors. As a physician, I can only keep up to date on all treatment options available to my patients, if I have access to information about new research breakthroughs. Time is often of the essence, especially for my patients with terminal or life-threatening illnesses.

But today, the Food and Drug Administration [FDA] prohibits doctors and scientists from working together in this way. Let me explain, Mr. President, how the process is currently working. After the FDA finally approves a new prescription drug or medical device for certain uses, the drug or device is labeled to reflect that it has been found to be safe and efficacious for that use.

I should note, Mr. President, that many times this process takes so long that American citizens and companies are going abroad for safe and lifesaving drugs and devices. But after the drug or device has been approved in the United States, there are many times physicians and scientists discover that this drug or device is also beneficial in treating other medical conditions.

As a physician, I may legally prescribe FDA-approved products for these off-label uses. Yet, even in cases where the patient experiences spectacular results, the FDA prohibits the manufacturer from disseminating medical data about such discoveries.

That is exactly why I am introducing this legislation. To improve the free-flow information to benefit my patients and others. Today, the Federal Government intrudes on the practice of medicine by limiting the dissemination of information on breakthrough treatments for off-label uses of medications.

This sounds very technical, complex, and removed from the basic doctor-patient relationship. However, this has real-life, everyday applications.

I recall a complicated case, where the normal treatment practices did not do the job for one of my patients. He was experiencing recurrent episodes of organ rejection with increasing frequency. My treatment was already unconventional—using repeated treatments with a new immunosuppressive drug [OKT3]. However, the drug company had not approved it for that type of use. Instead, it was used only for treating single episodes of severe rejection. Therefore, my use of the drug was considered off-label.

But that radical drug protocol kept my patient alive until I found something that worked for him. My patient was fully reliant on my knowledge as a physician—on how up to date I was with the latest information. But, today, if I share my findings with the

pharmaceutical company, they are then restricted by the FDA in sharing my success with other physicians.

When Congress returns from the August recess, the Committee on Labor and Human Resources will focus on needed reforms to the Food and Drug Administration. As a member of that committee, I hope to work with Chairman KASSEBAUM to incorporate these provisions to allow the flow of information about off-label uses of FDA-approved products to health care providers. I anticipate that we will be able to address this problem, and make yet another step in freeing the American people from the shackles of an arrogant and dysfunctional Government bureaucracy.●

---

By Mr. COATS (for himself and Mr. GREGG):

S. 1198. A bill to amend the Federal Credit Reform Act to improve the budget accuracy of accounting for Federal costs associated with student loans, to phase out the Federal Direct Student Loan Program, to make improvements in the Federal Family Education Loan Program, and for other purposes; to the Committee on Labor and Human Resources.

THE STUDENT LOAN PRIVATIZATION ACT

● Mr. COATS. Mr. President, today I am introducing the Student Loan Privatization Act to ensure that Americans will continue to enjoy unfettered access to higher education student aid. For the past 2 years, the Clinton administration has tried to turn the Department of Education into the biggest consumer bank in the country. If the administration succeeds, Americans will have nowhere else to turn but to the largess of the Department of Education when it comes time to finance their college education.

Under the Clinton plan, every single student loan would be approved, disbursed, serviced, and collected by the Department of Education. The administration has even considered calling in the IRS to do the collecting—as if we want the IRS collecting student loans, as well as taxes. The Federal Direct Student Loan Program—which provides college loans to students directly from Uncle Sam, rather than through private sector lenders as in the traditional guaranteed loan program—ranks among the largest Government expansion drives of the Clinton administration. This Grow the Government program would add 500 new bureaucrats to the Department of Education and is a complete contradiction to the will expressed by voters last November. The direct loan program ignores the fact that the private lending industry has improved service to families, improved efficiency, and substantially lowered default rates—all of which saves the taxpayers $1 billion per year.

Mr. President, when the administration asked the last Congress to authorize the direct loan program, we were told it would save $12 billion when compared to the traditional guaranteed loan program. Unfortunately, that savings estimate was produced by ignoring administrative costs and by applying budget loopholes. The fact is, Mr. President, that the Congressional Budget Office reported last month that when the two programs are scored on the same basis, the 7-year savings of the guaranteed loan program amounts to almost 10 times the Direct Loan savings.

The Student Loan Privatization Act will put an end to this expensive nonsense by phasing out the direct loan program, while at the same time enacting improvements to the guaranteed student loan program. It establishes a 4-year timetable to begin decreasing direct loan volume by requiring the Secretary to modify existing participation agreements with institutions that are currently participating in the program.

Mr. President, at a time when Congress is looking for savings to balance the budget, it makes no sense to continue funding a Federal program that costs more money than a better alternative in the private sector. In closing, Mr. President, I would say to my colleagues that if you believe that the Federal Government always acts more efficiently than private business, then you should continue to support the administrations efforts to nationalize student lending. On the other hand, I urge my colleagues who support limited Government and prudent fiscal restraint to cosponsor the Student Loan Privatization Act.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1198

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Student Loan Privatization Act of 1995''.

**SEC. 2. FINDINGS.**

Congress finds the following:

(1) The Federal Direct Student Loan Program will result in an increase of at least 500 full-time equivalent employees at the Department of Education and in the hiring of over 15,000 Federal contract employees, assuming full implementation of the program.

(2) The involvement of private sector financial institutions and not-for-profit corporations chartered for purpose of providing or supporting Federal student assistance results in increased efficiency, maintenance of quality of service to students and institutions, and innovation in and the use of modern data processing technology.

(3) The Federal Family Education Loan Program is subject to excessive regulation resulting in burdensome administrative requirements for students, schools, and other program participants, the reduction of which would ease administrative burdens and improve program management.

(4) The program costs of the Federal Direct Student Loan Program are inaccurately reflected under the provisions of the Federal Credit Reform Act as in effect prior to the date of enactment of this Act due to the exclusion of accounting for certain administrative costs associated with the Act.

(5) The budget scoring of Federal student loans under the Federal Credit Reform Act as in effect prior to the date of enactment of this Act led to projections of savings which are highly unlikely to occur in reality for the Federal Direct Student Loan Program.

**TITLE I—REFORMS TO IMPROVE THE ACCURACY OF THE FEDERAL CREDIT REFORM ACT**

**SEC. 101. AMENDMENTS TO THE FEDERAL CREDIT REFORM ACT.**

Subparagraph (B) of section 502(5) of the Congressional Budget Act of 1974 is amended to read as follows:

''(B) The cost of a direct loan shall be the net present value, at the time when the direct loan is disbursed, of the following cash flows for the estimated life of the loan:

''(i) Loan disbursements.

''(ii) Repayments of principal.

''(iii) Payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

''(iv) Direct expenses, including—

''(I) activities related to credit extension, loan origination, loan servicing, management of contractors, other government entities, and program participants;

''(II) collection of delinquent loans; and

''(III) writeoff and closeout of loans.''.

**SEC. 102. EFFECTIVE DATE.**

The amendment made by section 101 shall apply to all fiscal years beginning on or after October 1, 1995, and to statutory changes made on or after the date of enactment of this Act.

**TITLE II—PHASE-OUT OF THE FEDERAL DIRECT STUDENT LOAN PROGRAM**

**SEC. 201. PHASE-OUT OF PROGRAM.**

Section 453 of the Higher Education Act of 1965 (20 U.S.C. 1087c) (hereafter referred to in this title and in title III as the ''Act'') is amended by adding at the end the following new subsection:

''(f) PHASE-OUT OF PROGRAM.—

''(1) GENERAL AUTHORITY.—The Secretary shall modify or phase-out agreements entered into with institutions of higher education pursuant to section 454(a) in accordance with paragraph (2).

''(2) MODIFICATION OR PHASE-OUT OF AGREEMENTS.—In order to ensure an expeditious and orderly phase-out of the programs authorized under this part, the Secretary shall modify or phase-out agreements entered into pursuant to section 454 with institutions of higher education to achieve the following results:

''(A) For academic year 1995-1996, loans made under this part shall represent not more than 40 percent of new student loan volume for such year.

''(B) For academic year 1996-1997 and all subsequent academic years, no loans shall be made pursuant to this part.

''(3) NEW STUDENT LOAN VOLUME.—For the purposes of this subsection, the term 'new student loan volume' has the same meaning given such term under subsection (a)(4).

''(4) MODIFICATION OF SOFTWARE AND SYSTEMS FOR PHASE-OUT OF DIRECT LOANS.—The Secretary shall not make system modifications or upgrades to software used in support of the program under this part after the date of enactment of this subsection.

''(5) REGULATIONS GOVERNING PHASE-OUT OF DIRECT LOANS.—Not later than 90 days after the date of enactment of this subsection, the Secretary shall promulgate regulations governing the phase-out of the Federal Direct Student Loan Program as provided for in this subsection. Such regulation shall not be

subject to the provisions of the Master Calendar as specified under section 482. The provisions of this subsection shall be implemented notwithstanding the nonpublication of regulations required under this subsection by the Secretary.''.

**SEC. 202. DIRECT LOAN VOLUME LIMITS.**

Section 453(a) of the Act (20 U.S.C. 1087c(a)) is amended by striking paragraphs (2) and (3).

**SEC. 203. ADMINISTRATIVE EXPENSES.**

Subsection (a) of section 458 of the Act (20 U.S.C. 1087h(a)) is amended to read as follows:

''(a) IN GENERAL.—Each fiscal year, there shall be available, from funds not otherwise appropriated, funds to be obligated for administrative costs under this part, and for certain expenditures in support of the program authorized under part B, not to exceed (from such funds not otherwise appropriated) $50,000,000 in fiscal year 1996, and $45,000,000 in fiscal year 1997. Beginning in fiscal year 1998, no funds shall be made available under this subsection unless carried over from a prior fiscal year. The total expenditures by the Secretary (from such funds not otherwise appropriated) under this subsection shall not exceed $700,000,000 for fiscal years 1994 through 1998. The Secretary may carry over funds available under this section for a subsequent fiscal year.''.

**SEC. 204. REPEAL.**

Effective October 1, 1997, part D of title IV of the Higher Education Act, as amended by this title, is repealed.

**TITLE III—IMPROVEMENTS TO THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**

**SEC. 301. RECOVERY OF GUARANTY AGENCY RESERVES.**

The last sentence of section 422(a)(2) of the Act (20 U.S.C. 1072(a)(2)) is amended by striking ''Except as provided in section 428(c)(10)(E) or (F), such'' and inserting in lieu thereof ''Such''.

**SEC. 302. RESERVE FUNDS.**

Section 422(g) of the Act (20 U.S.C. 1072(g)) is amended to read as follows:

''(g) DISPOSITION OF FUNDS RETURNED OR RECOVERED BY THE SECRETARY.—Any funds that are returned or otherwise recovered by the Secretary pursuant to this subsection shall be returned to the United States Treasury for purposes of reducing the Federal debt.''.

**SEC. 303. TERMINATION OF FDSL CONSOLIDATION LOAN AUTHORITY.**

(a) PART B AUTHORITY.—Section 428C(b) of the Act (20 U.S.C. 1078–3(b)) is amended by striking paragraph (5).

(b) PART D AUTHORITY.—Section 455 of the Act (20 U.S.C. 1087e) is amended by striking subsection (g).

**SEC. 304. CONSOLIDATION UNDER FFELP OF LOANS MADE PURSUANT TO PART D.**

Section 428C(a)(4)(B) of the Act (20 U.S.C. 1087–3(a)(4)(B)) is amended by inserting ''part D or'' before ''part E''.

**SEC. 305. ACCOUNTABILITY OF FUNDS FOR DIRECT LOAN ADMINISTRATIVE EXPENSES.**

Section 458 of the Act (20 U.S.C. 1087h) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c), the following new subsection:

''(d) PROHIBITION ON CERTAIN EXPENDITURES.—Notwithstanding any other provision of law, funds available under this section shall not be used to support public relation activities (by Department of Education employees or pursuant to contracts with the Department) or marketing of institutions to encourage participation in the program authorized under this part.''.

**SEC. 306. SALE OF FDSL LOAN PORTFOLIOS.**

Part D of title IV of the Act is amended by inserting after section 458 (20 U.S.C. 1087h) the following new section:

**''SEC. 459. SALE OF FEDERAL DIRECT STUDENT LOAN PORTFOLIOS.**

''(a) AUCTION SALES OF LOAN PORTFOLIOS.—The Secretary shall conduct auctions to sell the outstanding portfolios of loans made pursuant to this part. Such auctions shall consist of the sale of portfolios representative of the overall characteristics of the direct loans held by the Secretary. Auctions shall be held for portfolios of not less than $40,000,000 worth of loans per sale. The first sale of loans shall take place not later than 120 days after the date of enactment of this section, and shall not include Federal guarantees or reinsurance against the contingency of borrower default, death, or disability.

''(b) LOAN TERMS SUBJECT TO PROMISSORY NOTE.—Loans described in subsection (a) shall be subject to the terms and conditions as specified in the borrower promissory note, and shall not be subject to further Federal regulations pursuant to this Act.

''(c) ASSESSMENT OF AUCTION.—The Secretary, subsequent to holding of the auctions under subsection (a), shall prepare a report on the results of such actions. Such report shall include the following:

''(1) The opinion of the Secretary as to whether the results of the auction represent a true reflection of the Federal subsidy costs associated with federally supported student loans.

''(2) An estimate of the reductions in Federal administrative costs achieved through the elimination of future Federal oversight and administrative responsibilities of affected loans as a result of sale to the private sector.

''(d) TRANSMITTAL OF RESULTS TO CONGRESSIONAL BUDGET OFFICE AND OFFICE OF MANAGEMENT AND BUDGET.—The Secretary shall provide a copy of all reports and analyses prepared in connection with implementation of this section to the Director of the Congressional Budget Office and the Director of the Office of Management and Budget.

''(e) DISPOSITION OF PROCEEDS.—All proceeds received as a result of the auctions conducted under to this section shall be returned to the Department of the Treasury after deduction of expenses incurred by the Department of Education in connection with the auctions required pursuant to this section.''.

**SEC. 307. EFFECTIVE DATE.**

Except as otherwise specified herein, the amendments made by this title shall be effective 30 days after the date of the enactment of this Act.●

---

By Mrs. BOXER (for herself and Mrs. FEINSTEIN):

S. 1199. A bill to amend the Internal Revenue Code of 1986 to permit tax-exempt financing of certain transportation facilities; to the Committee on Finance.

THE ALAMEDA TRANSPORTATION CORRIDOR TAX-EXEMPT FINANCING ACT

● Mrs. BOXER. Mr. President, today my colleague, Senator FEINSTEIN, and I are introducing legislation critical to helping the largest port complex in the United States expand its trade with the countries of the Pacific Rim.

Our bill would help provide more efficient cargo transportation by granting tax exempt financing for the Alameda transportation corridor improvement project. These improvements will speed the transport of international cargo between the San Pedro Bay Ports of Los Angeles and Long Beach to the Interstate Highway System and the national railroad network.

Today, more than 25 percent of all U.S. waterborne, international trade depends on the Ports of Los Angeles and Long Beach to reach its market. Approximately 25 percent of the total U.S. Customs duty is generated through the San Pedro Bay Ports, with the accompanying economic impacts from the ports of $12.5 billion in Federal customs revenue and Federal income tax. But this trade reaches the port along more than 90 miles of rail and 200 rail-highway crossings. The Alameda corridor project consolidates three rail lines into a single 20-mile high capacity corridor separated from surface streets. The project also improves truck access and traffic flow paralleling the railroad tracks.

The estimated total cost of the project is $1.8 billion. The ports have already contributed $400 million through the purchase of all rights of way for the corridor. The balance will be available from a mix of public—the State of California and the Los Angeles County Metropolitan Transportation Authority—and private financing. Fees paid by shippers using the corridor will be used to retire the bonds issued to finance construction.

Our bill clarifies the scope of the current tax exemption for docks and wharves by specifically including related transportation facilities to ensure that State and local governments will be permitted to tax-exempt finance those transportation facilities which are reasonably required for the efficient use of publicly owned port infrastructure.

The bill provides that transportation facilities, including trackage and rail facilities, but not rolling stock, shall be treated as ''docks and wharves'' for purposes of the exempt facility bond rules if at least 80 percent of the annual use of such transportation facilities is to be in connection with the transport of cargo to or from docks or wharves. For example, rail facilities for transporting cargo from a port area to the major rail yard some miles away would qualify as an exempt port facility provided that 80 percent of the cargo transported on the facilities is bound for or arriving from the port. It is intended that use, for purposes of the 80-percent test, be computed in any reasonable fashion including, for example, on the basis of ton-miles or car-miles.

The bill provides that for purposes of the governmental ownership requirement for docks and wharves, related transportation facilities that are leased by a Government agency shall be treated as owned by such agency if the lessee makes an irrevocable election not to claim depreciation or an investment credit with respect to such facilities and the lessee has no option

to purchase the facilities other than at fair market value.

This bill is a critical step needed to help provide the most efficient transportation network possible to these vital ports. The Alameda transportation corridor project will create a transportation system of truly national significance, bringing billions of dollars value in cargo and hundreds of millions of dollars of State and local tax benefits throughout the Nation.

This bill provides a significant element in the multifaceted approach to financing this project. The introduction of this legislation today also marks another major step in a tremendous amount of progress on the project in the past 10 months. I would like to take this opportunity to explain the progress to date on this project.

Beginning in 1983, Congress approved specific funding for right-of-way acquisition and improvements to separate the rail lines from the surface streets. Similar projects were also authorized in the 1987 and 1991 highway bills. In June 1990, California voters approved proposition 116 to provide $80 million in State bond financing for the project.

The complex project has involved negotiations with three railroads and 16 Government agencies. Agreements began falling into place late last year. On December 1, 1994, the California Transportation Commission approved the bond sale for $80 million in the proposition 116 funds. On December 29, 1994, the ports and three railroads signed the memorandum of understanding for the joint operating agreement and right-of-way purchase by the ports.

Because much of the previously authorized funding for the project was still not obligated, the Senate Appropriations Committee moved to rescind these funds from the 1983 and 1987 acts. Fortunately, that provision was dropped in the final supplemental appropriations and rescissions bill. In the meantime, at my urging, the local authorities were able to fully obligate those funds. I understand that additional funds authorized in the Intermodal Surface Transportation and Efficiency Act of 1991 [ISTEA] will be obligated by the end of fiscal year 1996.

In June, the Senate accepted my provision in the National Highway System Designation Act to include the route as a high priority corridor, making the project eligible for the Secretary of Transportation's revolving loan fund authorized under ISTEA.

In a colloquy with me in the Senate after passage of the highway bill on June 21, Senator JOHN CHAFEE, the distinguished committee chairman, said:

> The designation of the Alameda Transportation Corridor as a ''high-priority corridor'' reflects the committee's determination that the project merits an ongoing Federal role based upon the long-term potential benefits to interstate and international commerce. The Alameda corridor is, indeed, a project of national significance.

The Senate Appropriations Committee chose not to fund section 1105 in the transportation appropriations bill, H.R. 2002, passed by the Senate on Thursday. However, I am hopeful that the Clinton administration will request funding for the Federal revolving loan fund in its fiscal year 1997 budget request.

Nevertheless, the committee did adopt the plan developed by the Clinton administration to permit State and regional infrastructure banks to develop various innovative financing plans to leverage State and Federal dollars in the private financial sector. And, the committee cited the Alameda corridor in its committee report regarding the proposed State infrastructure banks. According to the report, ''the Committee considers the Alameda transportation corridor in Los Angeles County, CA, as an example of a project that would greatly benefit from the innovative financing option as provided in this bill.''

California will receive $21 million in Federal seed money under the Senate appropriations bill, and the State of California may contribute up to 10 percent of its Federal highway funds.

Funds deposited in these banks will capitalize a revolving loan program and enable the States to obtain a substantial line of credit. The infrastructure banks will assist a variety of projects, including freight rail and highway projects. This assistance would be in the form of financing for construction loans, pooling bond issues, refinancing outstanding debt and other forms of credit enhancement. Most important, enactment of our tax-exempt financing bill will provide the Alameda Transportation Corridor Authority even greater financial advantages to finance the project through the infrastructure bank.

I am pleased that the Senate unanimously accepted my amendment to ensure that California, and other States which already have authorized State infrastructure banks, could participate and not be required to form multistate compacts as provided in the bill. This will help the State move quickly on a financing program.

The combined financial firepower of these two acts—the tax-exempt bonds and the infrastructure bank—should enable this project to be completed without further direct Federal construction funding.

This corridor will provide a vital link, connecting the largest port complex in the United States with key production centers throughout the country. The Ports of Los Angeles and Long Beach currently handle more than 100 million metric tons of cargo valued at $116 billion. Major transportation efficiencies are critical to the port's ability to capture the growing Pacific Rim trade which could increase tonnage to nearly 200 million tons by the year 2020.

The project is expected to generate 10,500 direct construction jobs. Of these, 1,500 are professional and technical jobs and the rest construction trade jobs. In addition, about 3,500 manufacturing, service, and transportation industry jobs will be generated in the Los Angeles region to supply materials and equipment. The construction work will stimulate, directly and indirectly, the creation of about 50,000 jobs in the regional economy.

Mr. President, what will the other States and our Nation as a whole receive in return for this help?

Nationwide, even if only 5 percent of the full projected impact of building the Alameda corridor is realized, by the end of the next decade the United States will gain 70,000 new jobs and $2.5 billion in additional Federal revenue. The actual impact could be as much as 20 times greater.

I would like to insert into the RECORD information that was provided to the ports in a study by BST Associates of Seattle, WA. This 1994 data shows the strong U.S. trade growth through the ports and a State-by-State break down on exports, imports, and tax revenue. The corridor project will accelerate this growth.

Mr. President, I believe this project is the premier trade-related public works project in the United States. Benefits to our national economy through more efficient shipping—high volume and fast—is key to tapping the emerging markets in the Pacific Rim.

Mr. President, I ask unanimous consent that the text of the bill and additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1199

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. TAX-EXEMPT FINANCING OF CERTAIN TRANSPORTATION FACILITIES.**

(a) IN GENERAL.—Subsection (c) of section 142 of the Internal Revenue Code of 1986 (relating to exempt facility bonds) is amended—

(1) by redesignating paragraph (2) as paragraph (3), and

(2) by inserting after paragraph (1) the following new paragraph:

''(2) RELATED TRANSPORTATION FACILITIES.—

''(A) IN GENERAL.—Transportation facilities (including trackage and related rail facilities, but not rolling stock) shall be treated as facilities described in paragraph (2) of subsection (a) if at least 80 percent of the use of the facilities (determined on an annual basis) is to be in connection with the transport of cargo to or from a facility described in such paragraph (without regard to this paragraph).

''(B) GOVERNMENTAL OWNERSHIP REQUIREMENT.—In the case of transportation facilities described in subparagraph (A), subsection (b)(1) shall apply without regard to subparagraph (B)(ii) thereof.''

(b) CHANGE IN USE.—Section 150(b) of the Internal Revenue Code of 1986 (relating to change in use of facilities financed with tax-exempt private activity bonds) is amended by adding at the end the following new paragraph:

''(7) CERTAIN TRANSPORTATION FACILITIES.—In the case of any transportation facility—

''(A) with respect to which financing is provided from the proceeds of any private activity bond which, when issued, purported to be a tax-exempt bond described in paragraph (2) of section 142(a) by reason of section 142(c)(2), and

''(B) with respect to which the requirements of section 142(c)(2) are not met,

no deduction shall be allowed under this chapter for interest on such financing which accrues during the period beginning on the 1st day of the taxable year in which such facility fails to meet such requirements and ending on the date such facility meets such requirements.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

---

NATIONAL ECONOMIC IMPACTS

Several trends underscore the efficiency and effectiveness of transportation facilities provided by the San Pedro Bay ports for firms located throughout the US. Most notably, the San Pedro ports have a stable or growing market share of dollar value and tonnage of both waterborne imports and exports. In addition, customs duty and shipping charges as measured by the Department of Commerce are also substantial and increasing through the Ports. San Pedro Bay ports are the primary window on the Pacific Rim for most U.S. importers and exporters. The Alameda Corridor project is a very important means to assure that the San Pedro Bay ports maintain the efficiencies so critical to US importers and exporters.

The following section summarizes several key findings of BST Associates evaluation of econmic impacts:

Customs revenue assessed for cargo imported through the Ports of Los Angeles and Long Beach was estimated to be $4.9 billion in 1994.

State and local taxes (consisting of sales taxes, individual income taxes, corporate income taxes and other local taxes) were estimated to be $5.8 billion in 1994.

Federal income taxes were estimated to be $7.6 billion in 1994.

Direct employment was estimated to be 611,200 full time equivalent jobs in 1994.

Total employment was estimated to be 1.1 million full time equivalent jobs in 1994.

TABLE 1.—SUMMARY OF US IMPACTS

| Category | Imports | Exports | Total |
|---|---|---|---|
| Associated Economic Impacts | | | |
| In billions of dollars: | | | |
| Customs Revenue | $4.9 | ..... | $4.9 |
| State and Local Taxes | 4.3 | $1.5 | 5.8 |
| Federal Income Tax | 5.2 | 2.4 | 7.6 |
| In thousands: | | | |
| Direct Employment | 473.9 | 137.4 | 611.2 |
| Total Employment | 744.0 | 326.9 | 1,070.9 |

Source: BST Associates

VALUE OF INTERNATIONAL WATERBORNE CARGO IMPORTS AND EXPORTS

The value of international waterborne cargo (i.e., imports and exports) moving through the Ports of Los Angeles and Long Beach accounts for more than 27% of the total value of international US waterborne trade. The value through the San Pedro Bay ports has grown from $86 billion in 1988 to $144 billion in 1994, faster than any other port region in the United States. San Pedro Bay ports have increased their market share of both exports and imports. (Graphs have been omitted.)

International waterborne cargo tonnage through the Ports of Los Angeles and Long Beach has grown consistently from 44 million tons in 1988 to 58.5 million tons in 1994. The San Pedro Bay ports jointly account for 5.7% of total international waterborne commerce, up from 4.8% in 1988. However, most of the cargo moving through these ports is very high valued and requires quick transit.

CUSTOMS DUTY ON INTERNATIONAL WATERBORNE CARGO IMPORTS ONLY

The customs duty imposed on cargo moving through the San Pedro Bay ports has grown from 3.0 billion in 1989 to $4.1 billion in 1994. Customs duty through these ports has consistently averaged between 24% and 25% of the total customs duty collected from all sources (i.e., ports, airports and overland crossings).

PORTS OF LOS ANGELES AND LONG BEACH—1994 DATA

| Impacts at the State level: | Metric tons | Value of cargo | State and local taxes | Direct employment | Total employment |
|---|---|---|---|---|---|
| Exports—Alabama | 90,642 | $121,990,256 | $5,365,863 | 792 | 1,874 |
| Imports—Alabama | 47,579 | 352,584,384 | 21,058,102 | 3,428 | 5,013 |
| Total | 138,221 | 474,574,640 | 26,423,966 | 4,220 | 6,887 |
| Exports—Alaska | 457 | 709,470 | 23,176 | 30 | 47 |
| Imports—Alaska | 36 | 134,525 | 4,394 | 1 | 1 |
| Total | 492 | 843,995 | 27,570 | 31 | 48 |
| Exports—Arizona | 111,180 | 361,160,859 | 23,288,013 | 2,421 | 5,261 |
| Imports—Arizona | 31,027 | 110,050,803 | 10,485,200 | 1,080 | 1,657 |
| Total | 142,207 | 471,211,662 | 33,773,214 | 3,502 | 6,918 |
| Exports—Arkansas | 21,667 | 54,887,914 | 2,618,812 | 344 | 733 |
| Imports—Arkansas | 58,146 | 453,086,382 | 33,604,058 | 4,325 | 6,437 |
| Total | 79,813 | 507,974,296 | 36,222,870 | 4,669 | 7,169 |
| Exports—California | 10,198,471 | 9,943,153,117 | 629,073,468 | 60,119 | 143,032 |
| Imports—California | 5,478,501 | 26,754,481,992 | 2,224,608,423 | 244,275 | 395,702 |
| Total | 15,676,972 | 36,697,635,109 | 2,853,681,891 | 304,395 | 538,733 |
| Exports—Colorado | 608,691 | 243,432,078 | 17,665,622 | 1,464 | 3,395 |
| Imports—Colorado | 21,117 | 111,814,045 | 9,532,818 | 1,111 | 1,737 |
| Total | 629,808 | 355,246,123 | 27,198,441 | 2,575 | 5,132 |
| Exports—Connecticut | 1,292,205 | 237,140,467 | 16,123,180 | 2,063 | 4,802 |
| Imports—Connecticut | 131,023 | 272,685,998 | 24,560,555 | 2,367 | 3,548 |
| Total | 1,423,229 | 509,826,464 | 40,683,735 | 4,430 | 8,350 |
| Exports—Delaware | 199,896 | 365,012,063 | 16,677,766 | 1,888 | 3,853 |
| Imports—Delaware | 1,334 | 3,811,761 | 174,163 | 35 | 50 |
| Total | 201,230 | 368,823,824 | 16,851,929 | 1,923 | 3,903 |
| Exports—District of Columbia | 7,578 | 176,864,910 | 15,190,043 | 1,139 | 1,321 |
| Imports—District of Columbia | 1,055 | 12,705,892 | 1,244,085 | 166 | 189 |
| Total | 8,633 | 189,570,802 | 16,434,127 | 1,305 | 1,509 |
| Exports—Florida | 109,692 | 234,852,824 | 11,497,925 | 1,722 | 3,289 |
| Imports—Florida | 133,410 | 706,667,671 | 58,457,670 | 6,560 | 9,885 |
| Total | 243,101 | 941,520,495 | 69,955,594 | 8,282 | 13,173 |
| Exports—Georgia | 144,062 | 300,047,132 | 18,615,524 | 1,818 | 4,306 |
| Imports—Georgia | 106,622 | 700,828,760 | 57,130,159 | 7,147 | 11,104 |
| Total | 250,684 | 1,000,875,892 | 75,745,683 | 8,965 | 15,411 |
| Exports—Hawaii | 6,856 | 15,145,934 | 869,589 | 82 | 120 |
| Imports—Hawaii | 8,793 | 16,122,295 | 1,648,618 | 158 | 233 |

PORTS OF LOS ANGELES AND LONG BEACH—1994 DATA—Continued

| Impacts at the State level: | Metric tons | Value of cargo | State and local taxes | Direct employment | Total employment |
|---|---|---|---|---|---|
| Total | 15,649 | 31,268,229 | 2,518,206 | 240 | 353 |
| Exports—Idaho | 27,564 | 19,333,700 | 1,136,029 | 117 | 212 |
| Imports—Idaho | 1,621 | 5,905,119 | 485,584 | 56 | 83 |
| Total | 29,185 | 25,238,818 | 1,621,613 | 173 | 295 |
| Exports—Illinois | 435,194 | 1,549,062,807 | 99,925,394 | 9,152 | 24,639 |
| Imports—Illinois | 432,072 | 2,713,615,940 | 216,999,726 | 26,771 | 42,489 |
| Total | 867,266 | 4,262,678,747 | 316,925,120 | 35,924 | 67,127 |
| Exports—Indiana | 47,694 | 206,186,568 | 11,373,045 | 1,216 | 3,175 |
| Imports—Indiana | 25,370 | 335,070,145 | 26,741,278 | 3,496 | 5,227 |
| Total | 73,064 | 541,256,712 | 38,114,323 | 4,713 | 8,402 |
| Exports—Iowa | 21,655 | 66,031,325 | 4,316,996 | 318 | 765 |
| Imports—Iowa | 2,725 | 25,000,847 | 2,081,046 | 283 | 413 |
| Total | 24,379 | 91,032,172 | 6,398,041 | 601 | 1,178 |
| Exports—Kansas | 2,218,525 | 301,385,563 | 18,549,679 | 1,574 | 3,810 |
| Imports—Kansas | 21,480 | 90,137,909 | 7,223,832 | 953 | 1,438 |
| Total | 2,240,005 | 391,523,472 | 25,773,511 | 2,528 | 5,248 |
| Exports—Kentucky | 359,121 | 355,918,293 | 18,090,971 | 1,648 | 4,003 |
| Imports—Kentucky | 35,820 | 223,432,312 | 18,846,490 | 2,310 | 3,416 |
| Total | 394,940 | 579,350,605 | $33,937,461 | 3,957 | 7,419 |
| Exports—Louisiana | 36,883 | 90,178,038 | 3,863,670 | 266 | 548 |
| Imports—Louisiana | 36,223 | 74,475,334 | 4,222,520 | 774 | 1,123 |
| Total | 73,106 | 164,653,372 | 8,086,206 | 1,040 | 1,671 |
| Exports—Maine | 5,825 | 39,595,977 | 2,795,832 | 310 | 561 |
| Imports—Maine | 4,762 | 36,197,818 | 3,440,277 | 317 | 465 |
| Total | 10,586 | 75,793,795 | 6,236,109 | 627 | 1,025 |
| Exports—Maryland | 27,941 | 62,849,303 | 4,645,443 | 391 | 741 |
| Imports—Maryland | 15,338 | 94,358,770 | 8,336,692 | 919 | 1,409 |
| Total | 43,279 | 157,208,072 | 12,982,135 | 1,310 | 2,150 |
| Exports—Massachusetts | 80,178 | 145,095,028 | 10,754,008 | 1,062 | 2,474 |
| Imports—Massachusetts | 177,357 | 1,224,863,024 | 106,406,301 | 12,066 | 18,275 |
| Total | 257,535 | 1,369,958,052 | 117,160,309 | 13,127 | 20,749 |
| Exports—Michigan | 114,360 | 546,191,038 | 39,448,648 | 3,101 | 7,309 |
| Imports—Michigan | 121,333 | 733,146,533 | 67,131,295 | 7,245 | 10,447 |
| Total | 235,693 | 1,279,337,571 | 106,579,943 | 10,347 | 17,756 |
| Exports—Minnesota | 67,255 | 225,633,399 | 15,786,892 | 1,522 | 3,549 |
| Imports—Minnesota | 23,020 | 108,585,929 | 9,957,547 | 1,134 | 1,727 |
| Total | 90,275 | 334,219,328 | 25,744,439 | 2,656 | 5,276 |
| Exports—Mississippi | 9,203 | 22,226,477 | 857,720 | 155 | 377 |
| Imports—Mississippi | 6,113 | 23,030,734 | 1,566,965 | 235 | 342 |
| Total | 15,316 | 45,257,212 | 2,424,685 | 390 | 719 |
| Exports—Missouri | 120,231 | 382,977,778 | 20,482,418 | 2,104 | 4,650 |
| Imports—Missouri | 70,051 | 590,502,820 | 42,412,865 | 6,097 | 9,412 |
| Total | 190,282 | 973,480,598 | 62,895,283 | 8,201 | 14,063 |
| Exports—Montana | 127 | 244,269 | 17,105 | 1 | 2 |
| Imports—Montana | 110 | 399,304 | 27,962 | 4 | 6 |
| Total | 236 | 643,573 | 45,067 | 5 | 8 |
| Exports—Nebraska | 66,108 | 231,318,838 | 14,453,032 | 1,060 | 2,056 |
| Imports—Nebraska | 18,750 | 143,570,567 | 11,800,579 | 1,647 | 2,394 |
| Total | 84,859 | 374,897,406 | 26,253,611 | 2,707 | 4,450 |
| Exports—Nevada | 8,774 | 17,594,765 | 504,653 | 145 | 307 |
| Imports—Nevada | 17,658 | 19,047,749 | 1,095,112 | 164 | 233 |
| Total | 26,431 | 36,642,514 | 1,599,765 | 309 | 540 |
| Exports—New Hampshire | 1,306 | 2,748,292 | 187,321 | 22 | 45 |
| Imports—New Hampshire | 1,211 | 7,791,755 | 531,078 | 68 | 104 |
| Total | 2,517 | 10,540,046 | 718,399 | 90 | 149 |
| Exports—New Jersey | 429,166 | 985,210,107 | 70,473,064 | 6,588 | 16,848 |
| Imports—New Jersey | 540,842 | 4,464,960,252 | 405,436,251 | 36,957 | 57,749 |
| Total | 970,007 | 5,450,170,359 | 475,909,315 | 43,545 | 74,597 |
| Exports—New Mexico | 3,436 | 5,847,507 | 241,069 | 17 | 36 |
| Imports—New Mexico | 1,456 | 6,613,086 | 514,287 | 66 | 97 |
| Total | 4,893 | 12,460,594 | 755,356 | 83 | 133 |
| Exports—New York | 1,440,379 | 1,176,164,909 | 128,253,726 | 7,639 | 15,200 |
| Imports—New York | 579,591 | 4,210,171,022 | 512,828,302 | 38,545 | 54,372 |
| Total | 2,019,971 | 5,386,335,930 | 641,082,028 | 46,184 | 69,571 |

PORTS OF LOS ANGELES AND LONG BEACH—1994 DATA—Continued—Continued

| Impacts at the State level: | Metric tons | Value of cargo | State and local taxes | Direct employment | Total employment |
|---|---|---|---|---|---|
| Exports—North Carolina | 59,713 | 242,144,777 | 12,958,378 | 1,158 | 2,522 |
| Imports—North Carolina | 40,647 | 575,457,083 | 39,576,485 | 5,895 | 8,749 |
| Total | 100,359 | 817,601,860 | 52,534,863 | 7,053 | 11,271 |
| Exports—North Dakota | 2,389 | 14,539,883 | 621,754 | 67 | 132 |
| Imports—North Dakota | 8 | 32,666 | 2,086 | 0 | 1 |
| Total | 2,397 | 14,572,550 | 632,840 | 67 | 132 |
| Exports—Ohio | 170,227 | 566,154,786 | 36,085,008 | 3,207 | 8,202 |
| Imports—Ohio | 155,833 | 949,215,187 | 76,407,076 | 10,063 | 15,187 |
| Total | 326,060 | 1,515,369,972 | 112,492,004 | 13,270 | 23,389 |
| Exports—Oklahoma | 18,425 | $67,219,915 | $3,383,178 | 345 | 822 |
| Imports—Oklahoma | 7,900 | 45,936,951 | 3,101,939 | 459 | 667 |
| Total | 26,324 | 113,156,867 | 6,485,117 | 802 | 1,489 |
| Exports—Oregon | 89,236 | 58,768,286 | 5,563,417 | 337 | 698 |
| Imports—Oregon | 39,088 | 140,024,718 | 13,255,720 | 1,313 | 2,012 |
| Total | 128,325 | 198,793,004 | 18,819,137 | 1,650 | 2,710 |
| Exports—Pennsylvania | 289,096 | 382,635,058 | 25,309,779 | 2,614 | 9.075 |
| Imports—Pennsylvania | 74,125 | 440,668,357 | 37,190,206 | 4,325 | 6,629 |
| Total | 363,222 | 823,303,415 | 62,499,985 | 6,938 | 15,704 |
| Exports—Rhode Island | 2,490 | 7,897,301 | 547,133 | 77 | 166 |
| Imports—Rhode Island | 14,689 | 50,992,237 | 4,470,846 | 509 | 759 |
| Total | 17,179 | 58,889,538 | 5,017,979 | 587 | 925 |
| Exports—South Carolina | 26,582 | 109,283,212 | 5,652,346 | 770 | 1,693 |
| Imports—South Carolina | 27,253 | 196,515,720 | 14,604,262 | 2,096 | 3,049 |
| Total | 53,835 | 305,798,933 | 20,256,609 | 2,866 | 4,742 |
| Exports—South Dakota | 190 | 1,994,777 | 87,463 | 12 | 21 |
| Imports—South Dakota | 107 | 682,444 | 44,883 | 8 | 11 |
| Total | 297 | 2,677,220 | 132,346 | 19 | 33 |
| Exports—Tennessee | 397,132 | 566,254,146 | 19,163,173 | 2,998 | 6,672 |
| Imports—Tennessee | 212,251 | 866,130,367 | 51,953,578 | 8,498 | 12,953 |
| Total | 609,383 | 1,432,392,514 | 71,116,750 | 11,496 | 19,624 |
| Exports—Texas | 1,083,095 | 1,764,979,567 | 74,409,774 | 7,616 | 20,477 |
| Imports—Texas | 392,621 | 2,604,377,397 | 169,362,662 | 24,520 | 39,070 |
| Total | 1,475,716 | 4,369,356,964 | 243,772,436 | 32,136 | 59,547 |
| Exports—Utah | 1,032,075 | D982 | 2,244 | | |
| Imports—Utah | 2,646 | 9,205,594 | 821,249 | 94 | 143 |
| Total | 1,034,721 | 176,774,341 | 11,413,940 | 1,076 | 2,387 |
| Exports—Vermont | 178 | 793,201 | 59,011 | 6 | 11 |
| Imports—Vermont | 422 | 2,837,081 | 250,423 | 28 | 40 |
| Total | 600 | 3,630,282 | 309,434 | 33 | 51 |
| Exports—Virginia | 169,253 | 344,514,894 | 22,324,910 | 2,207 | 4,828 |
| Imports—Virginia | 46,494 | 235,339,342 | 17,839,428 | 2,325 | 3,526 |
| Total | 215,747 | 579,854,237 | 40,164,338 | 4,532 | 8,354 |
| Exports—Washington | 397,406 | 228,715,614 | 7,193,106 | 1,177 | 2,472 |
| Imports—Washington | 48,229 | 168,993,059 | 13,029,027 | 1,575 | 2,421 |
| Total | 445,635 | 397,708,673 | 20,222,133 | 2,752 | 4,893 |
| Exports—West Virginia | 7,148 | 29,241,380 | 1,481,602 | 173 | 319 |
| Imports—West Virginia | 1,849 | 25,196,135 | 1,980,315 | 252 | 338 |
| Total | 8,997 | 54,437,515 | 3,461,910 | 426 | 657 |
| Exports—Wisconsin | 79,142 | 219,630,630 | 16,890,913 | 1,350 | 3,231 |
| Imports—Wisconsin | 24,924 | 106,837,813 | 10,457,071 | 1,128 | 1,658 |
| Total | 104,066 | 326,468,443 | 27,347,985 | 2,479 | 4,890 |
| Exports—Wyoming | 25 | 89,896 | 3,116 | 0 | 0 |
| Imports—Wyoming | 1 | 7,094 | 348 | 0 | 0 |
| Total | 26 | 96,990 | 3,464 | 0 | 1 |
| Exports—Total | 22,136,121 | 23,258,617,076 | 1,465,492,457 | 137,386 | 326,921 |
| Imports—Total | 9,240,632 | 51,044,316,721 | 4,341,941,847 | 473,850 | 743,989 |

• Mrs. FEINSTEIN. Mr. President, today, Senator BOXER and I are introducing legislation that will allow for the Alameda Corridor Transportation Authority to issue tax-free bonds to help construct the Alameda corridor, probably the most important transportation project currently under consideration anywhere in the United States.

The Alameda corridor is a $1.8 billion project that will allow the San Pedro Bay ports—Los Angeles and Long Beach—to expand and grow well into the 21st century. The project, in the years ahead, will require a Federal authorization of $700 million, the necessary Federal commitment. The ports have committed well over $400 million to purchase railroad rights-of-way.

But, initial construction will be funded by the issuance of bonds, and that is why this bill is so vital. Tax-free bonds can currently be issued for construction of harbor and port facilities, but under current law, the corridor would not apply since the major distribution

center is 20 miles inland from the port. This legislation would extend the ability to issue tax-free bonds for transportation facilities, which would include trackage and rail facilities, if 80 percent of the cargo transported on the tracks is to and from the port, which is otherwise eligible for the issuance of tax-free bonds. Additionally, the facility must be publicly owned. This bill will reduce the cost of the corridor's construction by approximately $200 million.

Currently, to handle the cargo going in and out of the ports, according to the Alameda Corridor Transportation Authority, the San Pedro Bay ports now generate approximately 20,000 truck trips and 29 train movements per day. By the year 2020, truck traffic is projected to increase to 49,000 daily trips and 97 daily train movements.

Today, three railroads on three separate tracks serve the San Pedro Bay ports, with 90 miles of track and over 200 grade crossings between the ports and inland cargo dispersal sites. Santa Fe's railroad alone has 92 crossings within a 20 mile span. Trucks carrying goods from the ports to dispersal sites farther inland face numerous stops and traffic.

With the projected increase in trade and cargo transport needs, the current transportation system will simply be inadequate to handle future demands.

The Alameda corridor project would consolidate the existing railways into a single corridor that would be depressed, and all crossing streets would bridge over the top. This would avoid the terrible delays as a result of the grade crossings. The corridor would also accommodate truck traffic. Make no mistake, the Alameda corridor is a project of national significance.

The benefits of constructing the corridor will go far beyond the Los Angeles region, and well beyond the California borders. Every State in this Nation is impacted by the trade along the Pacific rim, and thus by the activities of Pacific ports. Trucks and trains must move the goods out of the ports. Workers must unload the goods from ships, put them on trains or trucks, and then once they arrive at a destination, more workers must unload these goods, before they are delivered to their final stop. Trade creates jobs in every sector of the economy.

Put simply, trade means jobs.

All of the Nation's coastal States understand the importance of trade, seagoing trade in particular. In 1992, the last year for which statistics are available, this Nation exported $158.4 billion worth of goods through its seaports, and imported $293.1 billion of goods through the same ports of entry.

The San Pedro Bay ports are the busiest containerport facility in the world. Combined, $109 billion worth of cargo moved through the Los Angeles and Long Beach Ports. Trade on the Pacific rim is only expected to grow.

We must be able to support the projected growth in international commerce, and the development of the Alameda corridor will help us insure that we do so.●

---

By Ms. SNOWE (for herself and Ms. MIKULSKI):

S. 1200. A bill to establish and implement efforts to eliminate restrictions on the enclaved people of Cyprus; to the Committee on Foreign Relations.

THE FREEDOM AND HUMAN RIGHTS FOR THE ENCLAVED PEOPLE OF CYPRUS ACT

● Ms. SNOWE. Mr. President, today I am introducing a bill to address the severe human rights violations that are occurring today against a small, remnant minority in an occupied region of their own country. I am pleased to be joined in introducing this bill by my distinguished colleague from Maryland, Senator MIKULSKI.

The human rights abuses addressed in this bill are little known outside the country in which they are occurring. The country is the island nation of Cyprus, which for 21 years has seen much of its territory under the illegal military occupation of neighboring Turkey.

Mr. President, two decades ago, Turkey's brutal invasion drove more than 200,000 Cypriots from their homes and reduced them to the status of refugees in their own land. More than 2,000 people are still missing, including 5 American citizens. The Turkish Army seized 40 percent of the land of Cyprus, representing 70 percent of the island's economic wealth. Today, Turkey continues to maintain 35,000 troops on the island, which forms the bedrock of the continuing political impasse.

During Turkey's invasion of northern Cyprus in 1974, the areas now under Turkish control suffered from a near-complete ethnic cleansing of the over 200,000 Greek-Cypriot majority population. There remains in northern Cyprus, however, a remnant population of 497 enclaved Greek-Cypriots. These Cypriot citizens are often simply referred to as the enclaved of Cyprus, because during 1974 they mostly resided in remote enclaves and thus were not able to flee the fighting and were not immediately expelled.

According to reports, this small population suffers from a series of severe human rights restrictions. These include:

Restrictions on the freedom to worship, including restrictions on times and places for such worship;

Restrictions on communication with individuals living outside of the area in which the enclaved reside, including a requirement that representative of the controlling power be present during any such communication;

Prohibition on the possession of telephones in homes;

A requirement that an enclaved individual receive permission from the controlling power before leaving the enclaved area;

Censorship of mail sent to and out from the enclaved area;

A requirement that enclaved males aged 18 to 50 report once a week to those in control;

Education restrictions such as a lack of educational opportunities beyond the elementary level, travel restrictions on those who must leave the region for middle and high school, and a prohibition on returning to those who leave for higher education;

Violation of property rights, including confiscation of property without compensation; and

Inadequate protection from physical abuse, including beatings, rape and murder.

Mr. President, the enclaved in northern Cyprus are forced to live under the kinds of extreme restrictions that were once the hallmarks of totalitarian states. Clearly, these severe human rights abuses are intended to achieve the complete ethnic cleansing of northern Cyprus through means just short of physical expulsion.

This bill does more than just raise awareness of the shocking human rights violations occurring today in Turkish-occupied northern Cyprus. It also calls on the President to use the influence of the United States to work to bring these abuses to an end. Among the means to be used are bringing the issue before the U.N. Human Rights Commission and the U.N. High Commissioner for Refugees, addressing the issue in the State Department's annual human rights report, and creating a humanitarian assistance program out of existing foreign assistance funds to directly assist the enclaved in northern Cyprus.

Mr. President, the measures called for in this bill are, frankly, the least we can do. While we work to address the human rights abuses against the enclaved, we must also be working separately to bring the long-standing dispute on Cyprus to an end in a manner that will entail the total withdrawal of Turkish troops—and possibly even the entire demilitarization of the island, as has been proposed by Cypriot President Glafcos Clerides—and a restoration of Cyprus' sovereignty over its entire territory with the full respect of the rights of all Cypriots.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1200

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Freedom and Human Rights for the Enclaved People of Cyprus Act''.

**SEC. 2. FINDINGS.**

The Congress finds the following:

(1) The respect for fundamental freedom and human rights, especially in those countries that are allies of the United States, is a cornerstone of United States foreign policy.

(2) Among the purposes of United States foreign assistance is to promote human rights.

(3) United States foreign assistance should be utilized to end the imposition of restrictions on the freedoms and human rights of the enclaved people of Cyprus.

(4) Among the restrictions of freedom and human rights to which the enclaved people of Cyprus are subjected are the following:

(A) Restrictions on the freedom to worship, including restrictions on times and places for such worship.

(B) Restrictions on communication with individuals living outside the area of the enclaved, including a requirement that an individual from among those in control be present during any such communication.

(C) Prohibition on the possession of telephones in homes.

(D) A requirement that an enclaved individual receive permission from an individual from among those in control before leaving the enclaved area.

(E) Censorship of mail sent to and from the enclaved area.

(F) A requirement that enclaved males aged 18 to 50 report once a week to those in control.

(G) Restrictions on the provision of educational services, including—

(i) lack of replacement elementary school teachers and lack of educational facilities beyond elementary school;

(ii) a requirement that an enclaved individual who chooses to leave home for education beyond elementary school may return home not more than three times a year; and

(iii) a requirement that enclaved males 16 years of age or older and enclaved females 18 years of age or older who choose to leave home for education beyond elementary school may not return home at all.

(H) Violation of property rights, including confiscation of property without compensation.

(I) Lack of compensation for work performed.

(J) Harassment, beating, rape, and murder without adequate protection or investigation.

**SEC. 3. UNITED STATES EFFORTS TO ALLEVIATE AND ELIMINATE THE RESTRICTIONS ON THE ENCLAVED PEOPLE IN CYPRUS.**

(a) IN GENERAL.—The President shall take steps—

(1) to inform the United Nations, foreign governments, and the appropriate departments and agencies of the United States Government of the restrictions on the enclaved people of Cyprus,

(2) to enlist the United Nations and foreign governments in efforts to end restrictions on the freedom and human rights of the enclaved people of Cyprus, and

(3) to establish United States Government programs of assistance to the enclaved people of Cyprus, consistent with subsection (b), and to undertake efforts for the alleviation and elimination of restrictions on the enclaved.

(b) ESTABLISHMENT OF ASSISTANCE PROGRAMS.—

(1) IN GENERAL.—The President—

(A) shall, to the extent practicable, use funds allocated for a fiscal year to the government or ethnic community participating directly or indirectly in imposition of restrictions on the freedom and human rights of the enclaved people of Cyprus to assist such people, or

(B) in the absence of such funds, shall establish a foreign assistance program for the enclaved people of Cyprus.

(2) USE OF FUNDS.—Assistance for the enclaved people of Cyprus under paragraph (1) shall include—

(A) programs to eliminate specific aspects of the restrictions of freedom and human rights on the enclaved people of Cyprus; and

(B) programs to return ancestral homes and lands to the enclaved people, including United States citizens, who have been forcibly expelled, or those individuals who have fled the enclaved areas or other areas of Cyprus in fear of severe restrictions of freedom, human rights abuses, or violation of property rights.

(c) NOTIFICATION OF OPPOSITION TO RESTRICTIONS OF FREEDOM AND HUMAN RIGHTS ABUSES.—The President—

(1) shall notify in writing each fiscal year the head of government of any foreign country that is participating, directly or indirectly, in the restrictions on freedom and human rights of the enclaved people of Cyprus of the opposition by the United States to that government's participation in such restrictions; and

(2) shall urge the head of such government to cease participation in such restrictions and to work to eliminate such restrictions.

(d) MONITORING AND REPORTING REQUIREMENTS.—The Secretary of State shall include a report on the enclaved people of Cyprus as part of the annual Department of State's Country Reports on Human Rights Practices.

**SEC. 4. UNITED NATIONS EFFORTS TO RESOLVE THE RESTRICTIONS ON THE ENCLAVED PEOPLE IN CYPRUS.**

The President shall direct the United States representative to the United Nations—

(1) to urge the United Nations High Commissioner for Refugees to address and solve the plight of those enclaved on Cyprus; and

(2) to call upon the United Nations Human Rights Commissioner to investigate the plight of the enclaved on Cyprus and to implement appropriate and effective corrective action.●

## ADDITIONAL COSPONSORS

S. 12

At the request of Mr. BREAUX, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 12, a bill to amend the Internal Revenue Code of 1986 to encourage savings and investment through individual retirement accounts, and for other purposes.

S. 254

At the request of Mr. LOTT, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 254, a bill to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 304

At the request of Mr. SANTORUM, the name of the Senator from New Hampshire [Mr. SMITH] was added as a cosponsor of S. 304, a bill to amend the Internal Revenue Code of 1986 to repeal the transportation fuels tax applicable to commercial aviation.

S. 490

At the request of Mr. GRASSLEY, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 490, a bill to amend the Clean Air Act to exempt agriculture-related facilities from certain permitting requirements, and for other purposes.

S. 491

At the request of Mr. BREAUX, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 491, a bill to amend title XVIII of the Social Security Act to provide coverage of outpatient self-management training services under part B of the Medicare Program for individuals with diabetes.

S. 498

At the request of Mr. HELMS, his name was added as a cosponsor of S. 498, a bill to amend title XVI of the Social Security Act to deny SSI benefits for individuals whose disability is based on alcoholism or drug addiction, and for other purposes.

S. 508

At the request of Mr. CRAIG, his name was added as a cosponsor of S. 508, a bill to amend the Internal Revenue Code of 1986 to modify certain provisions relating to the treatment of forestry activities.

S. 607

At the request of Mr. WARNER, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 607, a bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to clarify the liability of certain recycling transactions, and for other purposes.

S. 715

At the request of Mr. D'AMATO, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 715, a bill to provide for portability of health insurance, guaranteed renewability, high risk pools, medical care savings accounts, and for other purposes.

S. 743

At the request of Mrs. HUTCHISON, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 743, a bill to amend the Internal Revenue Code of 1986 to provide a tax credit for investment necessary to revitalize communities within the United States, and for other purposes.

S. 832

At the request of Mr. GRAHAM, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 832, a bill to require the Prospective Payment Assessment Commission to develop separate applicable percentage increases to ensure that Medicare beneficiaries who receive services from Medicare dependent hospitals receive the same quality of care and access to services as Medicare beneficiaries in other hospitals, and for other purposes.

S. 844

At the request of Mr. ASHCROFT, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 844, a bill to replace the Medicaid Program with a block grant to the States, and for other purposes.

S. 885

At the request of Mr. SIMPSON, the name of the Senator from Tennessee [Mr. FRIST] was added as a cosponsor of S. 885, a bill to establish United States

commemorative coin programs, and for other purposes.

S. 939

At the request of Mr. SMITH, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 939, a bill to amend title 18, United States Code, to ban partial-birth abortions.

S. 954

At the request of Mr. HATFIELD, the name of the Senator from Hawaii [Mr. AKAKA] was added as a cosponsor of S. 954, a bill to authorize the Architect of the Capitol to establish a Capitol Visitor Center under the East Plaza of the United States Capitol, and for other purposes.

S. 959

At the request of Mr. HATCH, the name of the Senator from Indiana [Mr. COATS] was added as a cosponsor of S. 959, a bill to amend the Internal Revenue Code of 1986 to encourage capital formation through reductions in taxes on capital gains, and for other purposes.

S. 986

At the request of Mr. D'AMATO, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 986, a bill to amend the Internal Revenue Code of 1986 to provide that the Federal income tax shall not apply to United States citizens who are killed in terroristic actions directed at the United States or to parents of children who are killed in those terroristic actions.

S. 990

At the request of Mr. INOUYE, the names of the Senator from Wisconsin [Mr. FEINGOLD], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Hawaii [Mr. AKAKA], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 990, a bill to expand the availability of qualified organizations for frail elderly community projects (Program of All-inclusive Care for the Elderly [PACE]), to allow such organizations, following a trial period, to become eligible to be providers under applicable titles of the Social Security Act, and for other purposes.

S. 1051

At the request of Mr. HATFIELD, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1051, a bill to authorize appropriations for the American Folklife Center for fiscal years 1996, 1997, 1998, and 1999.

S. 1086

At the request of Mr. DOLE, the name of the Senator from Idaho [Mr. CRAIG] was added as a cosponsor of S. 1086, a bill to amend the Internal Revenue Code of 1986 to allow a family owned business exclusion from the gross estate subject to estate tax, and for other purposes.

S. 1134

At the request of Mr. NICKLES, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1134, a bill to provide family tax relief.

S. 1136

At the request of Mr. HATCH, the names of the Senator from Wyoming [Mr. SIMPSON] and the Senator from New York [Mr. D'AMATO] were added as cosponsors of S. 1136, a bill to control and prevent commercial counterfeiting, and for other purposes.

S. 1145

At the request of Mr. CRAIG, his name was added as a cosponsor of S. 1145, a bill to abolish the Department of Housing and Urban Development and provide for reducing Federal spending for housing and community development activities by consolidating and eliminating programs, and for other purposes.

S. 1146

At the request of Mr. LEAHY, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 1146, a bill to amend the Internal Revenue Code of 1986 to clarify the excise tax treatment of draft cider.

SENATE CONCURRENT RESOLUTION 11

At the request of Ms. SNOWE, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of Senate Concurrent Resolution 11, a concurrent resolution supporting a resolution to the long-standing dispute regarding Cyprus.

SENATE RESOLUTION 147

At the request of Mr. THURMOND, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of Senate Resolution 147, a resolution designating the weeks beginning September 24, 1995, and September 22, 1996, as ''National Historically Black Colleges and Universities Week,'' and for other purposes.

AMENDMENT NO. 2280

At the request of Mr. DOLE the names of the Senator from Kentucky [Mr. MCCONNELL], the Senator from Idaho [Mr. KEMPTHORNE], and the Senator from New Mexico [Mr. DOMENICI] were added as cosponsors of Amendment No. 2280 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2282

At the request of Mr. DASCHLE the names of the Senator from Louisiana [Mr. BREAUX], the Senator from Maryland [Ms. MIKULSKI], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from New York [Mr. MOYNIHAN], the Senator from Nevada [Mr. REID], the Senator from Nebraska [Mr. KERREY], the Senator from Kentucky [Mr. FORD], the Senator from North Dakota [Mr. CONRAD], the Senator from North Dakota [Mr. DORGAN], the Senator from Connecticut [Mr. DODD], the Senator from Massachusetts [Mr. KERRY], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from New Mexico [Mr. BINGAMAN], the Senator from Nevada [Mr. BRYAN], the Senator from Hawaii [Mr. INOUYE], the Senator from Virginia [Mr. ROBB], the Senator from Nebraska [Mr. EXON], the Senator from Washington [Mrs. MURRAY], the Senator from Wisconsin [Mr. FEINGOLD], the Senator from California [Mrs. BOXER], the Senator from Ohio [Mr. GLENN], the Senator from Hawaii [Mr. AKAKA], the Senator from Michigan [Mr. LEVIN], the Senator from California [Mrs. FEINSTEIN], the Senator from Arkansas [Mr. BUMPERS], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Arkansas [Mr. PRYOR], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of amendment No. 2282 proposed to H.R. 4, a bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

AMENDMENT NO. 2318

At the request of Mr. SPECTER the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of Amendment No. 2318 proposed to H.R. 1977, a bill making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

AMENDMENT NO. 2398

At the request of Mr. BRADLEY his name was added as a cosponsor of Amendment No. 2398 proposed to S. 1087, an original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes.

## SENATE RESOLUTION 163—RELATIVE TO THE SELECT COMMITTEE ON ETHICS

Mrs. BOXER submitted the following resolution; which was referred to the Select Committee on Ethics:

S. RES. 163

*Resolved,*

**SECTION 1. ETHICS HEARINGS INVOLVING SERIOUS ETHICS VIOLATIONS BY MEMBERS.**

Section 2(d)(5) of Senate Resolution 338, agreed to July 24, 1964, is amended by inserting after the first sentence the following: ''The Select Committee shall hold hearings in any investigation conducted under subparagraph (A) that involves a complaint against a Member. The hearing requirement may be waived by the Select Committee by a recorded majority vote of the members of the Select Committee.''.

**SEC. 2. APPLICATION OF AMENDMENT.**

The amendment made by section 1 shall apply to any investigation within the jurisdiction of the Select Committee on Ethics pending on the date of adoption of this resolution and any investigation commenced after the date of adoption.

• Mrs. BOXER. Mr. President, today I am submitting a resolution to require the Senate Select Committee on Ethics to hold hearings in any case involving a Senator to reach the final investigative stage. This proposal is identical to the amendment I offered to the Department of Defense authorization bill that was narrowly rejected by a vote of 48 to 52.

Since the Senate voted on this issue, new information has become available

that strengthens the arguments for hearings in ethics cases. It is my hope that opponents of public hearings will reconsider their positions in light of this new information.

Mr. President, the Senate is not a private club; this is the people's Senate. We have an obligation to demonstrate to our constituents that we take seriously our constitutionally-mandated responsibility to police ourselves. By attempting to sweep our problems under the committee room's rug, we do the opposite. The committee should do what it has always done in cases to reach this final phase; it should hold public hearings to investigate the allegations.

This proposal is fair and reasonable. It allows the Ethics Committee to close its hearings in accordance with rule XXVI or to waive the hearing requirement altogether by a majority vote.●

## SENATE RESOLUTION 164—RELATIVE TO WORLD WAR II

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 164

Whereas on August 14, 1945 the Japanese government accepted the Allied terms of surrender:

Whereas the formal documents of surrender were signed on September 2, 1945, thereby ending World War II;

Whereas 50 years have now passed since those events;

Whereas, the courage and sacrifice of the American fighting men and women who served with distinction in the Pacific and Asian theaters should always be remembered; now, therefore, be it

*Resolved*, The United States Senate joins with a grateful nation in expressing our respect and appreciation to the men and women who served in World War II, and their families. Further, we remember and pay tribute to those Americans who made the ultimate sacrifice and gave their life for their country.

## SENATE RESOLUTION 165—COMMENDING THE 60TH ANNIVERSARY OF THE SOCIAL SECURITY ACT

Mr. PACKWOOD (for himself and Mr. MOYNIHAN) submitted the following resolution; which was considered and agreed to:

S. RES. 165

Whereas on August 14, 1935, President Franklin D. Roosevelt signed the Social Security Act, which represents one of the most significant legislative achievements of the 20th century;

Whereas the Social Security Act represents a national commitment between the American Government and the people;

Whereas Social Security is one of our Nation's most popular and effective programs with a 60-year track record;

Whereas 141,000,000 persons, along with their employers, pay into the Social Security system;

Whereas Social Security is an earned benefit for workers and their families when a wage earner retires, becomes disabled, or dies;

Whereas over 44,000,000 persons, including 3,000,000 children, receive Social Security benefits that are automatically adjusted for inflation;

Whereas over 95 percent of those age 65 and over are eligible for Social Security benefits, 4 out of 5 workers have worked long enough so that they could get Social Security benefits if they become severely disabled, and 98 percent of today's children would receive a monthly Social Security benefit if a working parent died;

Whereas Social Security benefits provide a financial base for retirement, to be supplemented by private savings and pensions;

Whereas Social Security is the Nation's most successful antipoverty program, saving 15,000,000 people from poverty;

Whereas Social Security is viewed by the public as one of the most important Government programs and as a pillar of economic security;

Whereas Social Security benefits help to maintain the independence and dignity of all who receive such benefits;

Whereas the American public has rejected cutting Social Security to reduce the deficit;

Whereas Social Security is a self-financed program that in 1994 had over $436,000,000,000 in reserves;

Whereas reforms of Social Security benefits historically have been made only to strengthen the program's long-term integrity and solvency; and

Whereas Congress recently enacted legislation establishing the Social Security Administration as an independent agency so as to strengthen its ability to better serve beneficiaries: Now, therefore, be it

*Resolved*, That the Social Security Act is hereby commended on its 60th anniversary.

## SENATE RESOLUTION 166—RELATIVE TO CROATIAN-BOSNIAN COOPERATION

Mr. DOLE (for himself, Mr. LIEBERMAN, and Mr. HELMS) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 166

Whereas, on July 21, 1992, the democratically-elected Governments of the Republic of Croatia and Bosnia and Herzegovina signed the Agreement on Friendship and Cooperation;

Whereas, on March 16, 1994, the Washington Agreement established the Bosniac-Croat Federation of Bosnia and Herzegovina, and provided for the confederal linking of this Federation to the Republic of Croatia;

Whereas, in the Split Declaration of July 22, 1995, the President of the Republic of Croatia, Dr. Franjo Tudjman, the President of the Republic of Bosnia and Herzegovina, Alija Izetbegovic, and the President of the Federation of the Republic of Bosnia and Herzegovina, Kresimir Zubak, pledged to widen and strengthen defense cooperation to defend the territorial integrity of the Republic of Croatia and the Republic of Bosnia and Herzegovina;

Whereas, the forces of the Republic of Croatia have reestablished government control and authority over three former U.N. protected areas under Serb militant control within the territory of the Republic of Croatia; Now, therefore, be it

*Resolved*, That the Senate—

(1) urges the Government of Croatia and the Government of Bosnia and Herzegovina to continue their military cooperation for the purpose of defending the territorial integrity of the Republic of Croatia and the Republic of Bosnia and Herzegovina;

(2) urges the Government of Croatia and the Government of Bosnia and Herzegovina to continue and strengthen their political and economic support for the Bosnia-Croat Federation;

(3) calls on the Government of the United States to: (i) provide full support to the Bosniac-Croat Federation, (ii) uphold as a top policy objective preserving the self-government and territorial integrity of the Republic of Croatia and of the Republic of Bosnia and Herzegovina and (iii) oppose any peace settlement that would undermine this objective.

Mr. DOLE. Mr. President, I rise today to submit this resolution which supports the continued political, military, and economic cooperation between the Governments of Croatia and Bosnia and Herzegovina. I am pleased to be joined by the distinguished Senator from Connecticut, Senator LIEBERMAN, and the distinguished chairman of the Foreign Relations Committee, Senator HELMS.

In my view cooperation between Bosnia and Croatia is vital to the interests and future of both countries. While several agreements pledging cooperation have been reached since 1992—and as recently as July—the past few weeks have demonstrated the tangible benefits to be gained by this common approach.

This resolution urges continued military cooperation in order to defend the territorial integrity of both Croatia and Bosnia. It also urges that the Croatian and Bosnian Governments remain committed and supportive of the Bosniac-Croat Federation. Furthermore, the resolution calls on the United States Government to fully support the Bosniac-Croat Federation and to uphold as a top policy objective the preservation of the territorial integrity and self-government of the Republics of Croatia and Bosnia and Herzegovina. Finally, the resolution calls on the U.S. Government to oppose any peace settlement that would undermine this objective.

I believe that this resolution sends a relevant and timely message to the Croatian and Bosnian Governments and I urge my colleagues to adopt it.

## SENATE CONCURRENT RESOLUTION 25—RELATIVE TO THE EASTERN ORTHODOX ECUMENICAL PATRIARCHATE

Ms. SNOWE (for herself, Ms. MOSELEY-BRAUN, Mr. D'AMATO, and Mr. SARBANES) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 25

Whereas the Ecumenical Patriarchate is the spiritual center for more than 250,000,000 Orthodox Christians worldwide, including approximately 5,000,000 in the United States;

Whereas in recent years there have been successive terrorist attempts to desecrate and destroy the premises of the Ecumenical Patriarchate in the Fanar area of Istanbul (Constantinople), Turkey;

Whereas attempts against the Ecumenical Patriarchate have intensified, including the following attempts:

(1) In July and August 1993, the Christian Orthodox cemetery in Yenikoy, near Istanbul, was attacked by vandals and desecrated.

(2) There has been a concerted effort throughout Turkey to convert the Church of Hagia (Saint) Sophia, one of the most sacred monuments of Greek Orthodox Christianity and currently used as a museum, into a mosque.

(3) On the night of March 30, 1994, 3 bombs were discovered in the building where the Patriarch lives.

(4) The Turkish press and some politicians have been launching a well-orchestrated campaign against the Ecumenical Patriarchate accusing it of trying to become an independent state or wishing to revive the Byzantine Empire. These accusations resulted in provoking dangerous reactions among the Moslem population in Turkey against the Ecumenical Patriarchate.

(5) Negative statements have been directed toward the Patriarchate by the Mayor of the Fatih District of Istanbul.

Whereas His All Holiness Patriarch Bartholomew and those associated with the Ecumenical Patriarchate are Turkish citizens and thus must be protected under Turkish law against blatant and unprovoked attacks toward ethnic minorities;

Whereas the Turkish Government arbitrarily closed the Halki Patriarchal School of Theology in 1971;

Whereas the closing of the Halki School of Theology is a serious concern for the Ecumenical Patriarchate;

Whereas Turkish law requires that the Patriarch, as well as all the clergy, faculty, and students be citizens of Turkey, and the Halki School of Theology is the only educational institution for Orthodox Christian leadership;

Whereas the unimpeded continued provocations against the Ecumenical Patriarchate and the closing of the Halki School of Theology are in violation of international treaties to which Turkey is a signatory, including the Treaty of Lausanne, the 1968 Protocol, the Helsinki Final Act—1975, the Charter of Paris, and the United Nations Charter;

Whereas these actions have severely compromised and threatened the safety and security of the Ecumenical Patriarchate and the future existence of this Orthodox Institution in Turkey; and

Whereas it is in the best interest of the United States to prevent further incidents regarding the Ecumenical Patriarchate, the spiritual leader of millions of American citizens, and in the overall goals of the United States to establish peaceful relations with and among the many important nations of the world that have substantial Orthodox Christian populations: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring)*, That it is the sense of the Congress that—

(1) the United States should use its influence with the Turkish Government and as a permanent member of the United Nations Security Council to suggest that the Turkish Government—

(A) ensure the proper protection for the Patriarchate and all Orthodox faithful residing in Turkey;

(B) assure that positive steps are taken to reopen the Halki Patriarchal School of Theology;

(C) provide for the proper protection and safety of the Ecumenical Patriarch and the Patriarchate personnel;

(D) establish conditions that would prevent the recurrence of past terrorist activities and vandalism and other personal threats against the Patriarch;

(E) establish conditions to ensure that the Patriarchate is free to carry out its religious mission; and

(F) do everything possible to find and punish the perpetrators of any provocative and terrorist acts against the Patriarchate.

(2) The President should report on an annual basis to the Congress regarding the status and progress of the concerns expressed in paragraph (1).

● Ms. SNOWE. Mr. President, today I am submitting a resolution concerning the fate of the Eastern Orthodox Ecumenical Patriarchate and the important of protecting its ability to carry on its vitally important religious mission. I am please to be joined in submitting this important resolution by three distinguished colleagues on both sides of the aisle, Senators MOSELEY-BRAUN, D'AMATO, and SARBANES.

With over 250 million faithful worldwide, the Orthodox Church deserves attention and respect as one of the world's major religious. Its nonpolitical Patriarchate in Istanbul, however, has often been hampered in its mission due to a misunderstanding or hostility toward its religious role.

This resolution is intended to raise awareness of the role of the Orthodox Patriarchate, and the importance of its receiving the protection necessary for it to remain a viable and respected world religious institution.

Mr. President, the protection of the Ecumenical Patriarchate is an issue of vital international interest. The Patriarchate, which is the epicenter of Christian Orthodoxy, is severely hampered in its ability to function as the preeminent Orthodox religious institution it was intended to be. This has come about due to the neglect and often outright hostility the institution is afforded in modern-day Turkey, particularly among Turkish fundamentalists.

Although the Islamic fundamentalist movement in Turkey is small, attempts have been made on the life of the Ecumenical Patriarch. The most recent incident occurred on March 30, 1994, when three bombs were discovered in the attic of the Patriarch's residence. On a separate occasion, the patriarchal complex was attacked with a Molotov cocktail, threatening the safety of all who worked there. There have also been incidents of desecration and vandalism of the Christian Orthodox Cemetery outside Istanbul.

While there is no indication that the Turkish Government, or most Turkish people supported these acts of violence, such acts should make clear to the Government the need to take steps to ensure the safety of this holy institution and the small Christian minority that still resides in Istanbul.

But the Turkish Government has taken some steps that do directly undermine the institution of the Patriarchate. One was Turkey's 1971 closing of the Patriarchate's Theological School, which this year would have celebrated its 150-year anniversary. This action was in violation of a variety of treaties and human rights accords that Turkey has signed before and after this action. The most important of these is the Treaty of Lausanne, which lays out the reciprocal duties of both Greece and Turkey to protect the rights of the Christian and Moslem minorities in each others country.

Until its abolition, hundreds of priests had been trained in the academy for religious service worldwide. The closing of the academy is a particularly serious matter for the long-term survival of the institution of the Patriarchate. Turkish law requires that the Patriarch and all other clergy in Turkey be Turkish citizens. The closing of the Patriarchate's Theological School now requires all candidates for the priesthood to be trained overseas, and many do not return to Turkey. As a result, there are fewer and fewer clergy in Turkey eligible to serve in the future as Orthodox Patriarch.

The resolution calls for the United States to use its influence to: encourage the proper protection for the Patriarch and all Orthodox faithful residing in Turkey; work toward the reopening of the Patriarchal School of Theology; encourage conditions that would prevent recurrence of past acts of violence against the institution and personnel of the Ecumenical Patriarchate; and help ensure that the Patriarchate is free to carry out its religious mission.

This resolution is a simple statement of the importance of religious freedom and human rights not only in Turkey, but for all of the world Christian Orthodox faithful. I am confident that the principles contained in the resolution are overwhelmingly supported by the American people, and they deserve similarly overwhelming support from the U.S. Senate.●

● Ms. MOSELEY-BRAUN. Mr. President, I am pleased to submit this resolution along with my distinguished colleague from the State of Maine, Senator SNOWE, regarding the protection and preservation of the Eastern Orthodox Ecumenical Patriarchate in Turkey.

This sense-of-the-Senate resolution is an important statement in support of religious freedom. The Patriarchate is the most important center of the Eastern Orthodox religion. The Patriarchate is to Eastern Orthodoxy what the Vatican is to Catholicism. In recent years, there have been a number of attempted terrorist attacks against the Patriarchate. In one incident in the summer of 1993, the Christian Orthodox cemetery in Yenikoy, near Istanbul, was desecrated by vandals. In another incident, during the night of March 30, 1994, three bombs were discovered in the building where the Patriarch, His Holiness Bartholomew, lives. There have also been effort to convert the Church of Saint Sophia, one of the most sacred monuments of Greek Orthodox Christianity, currently used as a museum, not a mosque. This resolution will ensure that the Senate puts

its concerns for maintaining the integrity of the Patriarchate and religious freedom generally on the record.

This resolution also expresses the Senate's wish to see the Halki Patriarchal School of Theology reopen. This institution is where Orthodox bishops receive their most advanced training. This school functioned as a center of religious training and a symbol of religious freedom in Istanbul throughout the Ottoman Empire. It was closed by the Turkish Government in 1971. The continued closure of the Halki School of Theology impedes the ability of the present orthodox leadership to train the next generation of leaders. The absence of the highest order of religious training endangers the continued existence of Orthodox institutions in Turkey.

I want to commend the administration for its diplomatic efforts in this area. President Clinton has expressed his concerns about the Patriarchate directly to Prime Minister Ciller. Assistant Secretary Richard Holbrooke has visited the Patriarchate to demonstrate U.S. support for the institution and U.S. interest in preserving religious freedom. I know that the administration is fully committed to continue these diplomatic efforts to persuade the Government of Turkey to permit the reopening of the Halki Seminary, as well as other religious facilities throughout Turkey.

Mr. President, I believe it is very important for the Senate to go on record in support of these diplomatic efforts, and in support of the integrity of Orthodox institutions and religious freedom in Turkey.

## AMENDMENTS SUBMITTED

## THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996

## NUNN (AND OTHERS) AMENDMENT NO. 2425

(Ordered to lie on the table.)

Mr. LEVIN (for Mr. NUNN, for himself, Mr. WARNER, Mr. LEVIN, and Mr. COHEN) submitted an amendment intended to be proposed by them to the bill (S. 1026) to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes; as follows:

On page 49, strike out line 15 and all that follows through line 9 on page 69 and insert the following in lieu thereof:

**Subtitle C—Missile Defense**

**SEC. 231. SHORT TITLE.**

This subtitle may be cited as the ''Missile Defense Act of 1995''.

**SEC. 232. FINDINGS.**

Congress makes the following findings:

(1) The threat that is posed to the national security of the United States by the proliferation of ballistic and cruise missiles is significant and growing, both quantitatively and qualitatively.

(2) The deployment of effective Theater Missile Defense systems can deny potential adversaries the option of escalating a conflict by threatening or attacking United States forces, coalition partners of the United States, or allies of the United States with ballistic missiles armed with weapons of mass destruction to offset the operational and technical advantages of the United States and its coalition partners and allies.

(3) The intelligence community of the United States has estimated that (A) the missile proliferation trend is toward longer range and more sophisticated ballistic missiles, (B) North Korea may deploy an intercontinental ballistic missile capable of reaching Alaska or beyond within 5 years, and (C) although a new indigenously developed ballistic missile threat to the continental United States is not forecast within the next 10 years there is a danger that determined countries will acquire intercontinental ballistic missiles in the near future and with little warning by means other than indigenous development.

(4) The deployment by the United States and its allies of effective defenses against ballistic missiles of all ranges, as well as against cruise missiles, can reduce the incentives for countries to acquire such missiles or to augment existing missile capabilities.

(5) The Cold War distinction between strategic ballistic missiles and nonstrategic ballistic missiles and, therefore, the ABM Treaty's distinction between strategic defense and nonstrategic defense, has changed because of technological advancements and should be reviewed.

(6) The concept of mutual assured destruction, which was one of the major philosophical rationales for the ABM Treaty, is now questionable as a basis for stability in a multipolar world in which the United States and the states of the former Soviet Union are seeking to normalize relations and eliminate Cold War attitudes and arrangements.

(7) Theater and national missile defenses can contribute to the maintenance of stability as missile threats proliferate and as the United States and the former Soviet Union significantly reduce the number of strategic nuclear forces in their respective inventories.

(8) Although technology control regimes and other forms of international arms control can contribute to nonproliferation, such measures alone are inadequate for dealing with missile proliferation, and should not be viewed as alternatives to missile defenses and other active and passive defenses.

(9) Due to limitations in the ABM Treaty which preclude deployment of more than 100 ground-based ABM interceptors at a single site, the United States is currently prohibited from deploying a national missile defense system capable of defending the continental United States, Alaska, and Hawaii against even the most limited ballistic missile attacks.

**SEC. 233. MISSILE DEFENSE POLICY.**

It is the policy of the United States to—

(1) deploy as soon as possible affordable and operationally effective theater missile defenses capable of countering existing and emerging theater ballistic missiles;

(2)(A) develop for deployment a multiple-site national missile defense system that: (i) is affordable and operationally effective against limited, accidental, and unauthorized ballistic missile attacks on the territory of the United States, and (ii) can be augmented over time as the threat changes to provide a layered defense against limited, accidental, or unauthorized ballistic missile threats;

(B) initiate negotiations with the Russian Federation as necessary to provide for the national missile defense systems specified in section 235; and

(C) consider, if those negotiations fail, the option of withdrawing from the ABM Treaty in accordance with the provisions of Article XV of the Treaty, subject to consultations between the President and the Senate;

(3) ensure congressional review, prior to a decision to deploy the system developed for deployment under paragraph (2), of: (A) the affordability and operational effectiveness of such a system; (B) the threat to be countered by such a system; and (C) ABM Treaty considerations with respect to such a system.

(4) improve existing cruise missile defenses and deploy as soon as practical defenses that are affordable and operationally effective against advanced cruise missiles;

(5) pursue a focused research and development program to provide follow-on ballistic missile defense options;

(6) employ streamlined acquisition procedures to lower the cost and accelerate the pace of developing and deploying theater missile defenses, cruise missile defenses, and national missile defenses;

(7) seek a cooperative transition to a regime that does not feature mutual assured destruction and an offense-only form of deterrence as the basis for strategic stability; and

(8) carry out the policies, programs, and requirements of subtitle C of title II of this Act through processes specified within, or consistent with, the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.

**SEC. 234. THEATER MISSILE DEFENSE ARCHITECTURE.**

(a) ESTABLISHMENT OF CORE PROGRAM.—To implement the policy established in section 233, the Secretary of Defense shall establish a top priority core theater missile defense program consisting of the following systems:

(1) The Patriot PAC–3 system, with a first unit equipped (FUE) in fiscal year 1998.

(2) The Navy Lower Tier (Area) system, with a user operational evaluation system (UOES) capability in fiscal year 1997 and an initial operational capability (IOC) in fiscal year 1999.

(3) The Theater High-Altitude Area Defense (THAAD) system, with a user operational evaluation system (UOES) capability in fiscal year 1997 and an initial operational capability (IOC) no later than fiscal year 2002.

(4) The Navy Upper Tier (Theater Wide) system, with a user operational evaluation system (UOES) capability in fiscal year 1999 and an initial operational capability (IOC) in fiscal year 2001.

(b) INTEROPERABILITY AND SUPPORT OF CORE SYSTEMS.—To maximize effectiveness and flexibility, the Secretary of Defense shall ensure that core theater missile defense systems are interoperable and fully capable of exploiting external sensor and battle management support from systems such as the Navy's Cooperative Engagement Capability (CEC), the Army's Battlefield Integration Center (BIC), air and space-based sensors including, in particular, the Space and Missile Tracking System (SMTS).

(c) TERMINATION OF PROGRAMS.—The Secretary of Defense shall terminate the Boost Phase Interceptor (BPI) program.

(d) FOLLOW-ON SYSTEMS.—The Secretary of Defense shall develop an affordable development plan for follow-on theater missile defense systems which leverages existing systems, technologies, and programs, and focuses investments to satisfy military requirements not met by the core program.

(2) Before adding new theater missile defense systems to the core program from among the follow-on activities, the Secretary of Defense shall submit to the congressional defense committees a report describing—

(A) the requirements for the program and the specific threats to be countered;

(B) how the new program will relate to, support, and leverage off existing core programs;

(C) the planned acquisition strategy; and

(D) a preliminary estimate of total program cost and budgetary impact.

(e) REPORT.—(1) Not later than the date on which the President submits the budget for fiscal year 1997 under section 1105 of title 31, United States Code, the Secretary of Defense shall submit to the congressional defense committees a report detailing the Secretary's plans for implementing the guidance specified in this section.

(2) For each deployment date for each system described in subsection (a), the report required by paragraph (1) of this subsection shall include the funding required for research, development, testing, evaluation, and deployment for each fiscal year beginning with fiscal year 1997 through the end of the fiscal year in which deployment is projected under subsection (a).

**SEC. 235. NATIONAL MISSILE DEFENSE SYSTEM ARCHITECTURE.**

(a) IN GENERAL.—To implement the policy established in section 233, the Secretary of Defense shall develop an affordable and operationally effective national missile defense system to counter a limited, accidental, or unauthorized ballistic missile attack, and which is capable of attaining initial operational capability (IOC) by the end of 2003. Such system shall include the following:

(1) Ground-based interceptors capable of being deployed at multiple sites, the locations and numbers of which are to be determined so as to optimize the defensive coverage of the continental United States, Alaska, and Hawaii against limited, accidental, or unauthorized ballistic missile attacks.

(2) Fixed ground-based radars and space-based sensors, including the Space and Missile Tracking system, the mix, siting and numbers of which are to be determined so as to optimize sensor support and minimize total system cost.

(3) Battle management, command, control, and communications (BM/C3).

(b) INTERIM OPERATIONAL CAPABILITY.—To provide a hedge against the emergence of near-term ballistic missile threats against the United States and to support the development and deployment of the objective system specified in subsection (a), the Secretary of Defense shall develop an interim national missile defense plan that would give the United States the ability to field a limited operational capability by the end of 1999 if required by the threat. In developing this plan the Secretary shall make use of—

(1) developmental, or user operational evaluation system (UOES) interceptors, radars, and battle management, command, control, and communications (BM/C3), to the extent that such use directly supports, and does not significantly increase the cost of, the objective system specified in subsection (a);

(2) one or more of the sites that will be used as deployment locations for the objective system specified in subsection (a);

(3) upgraded early warning radars; and

(4) space-based sensors.

(c) USE OF STREAMLINED ACQUISITION PROCEDURES.—The Secretary of Defense shall prescribe and use streamlined acquisition procedures to—

(1) reduce the cost and increase the efficiency of developing the national missile defense system specified in subsection (a); and

(2) ensure that any interim national missile defense capabilities developed pursuant to subsection (b) are operationally effective and on a path to fulfill the technical requirements and schedule of the objective system.

(d) ADDITIONAL COST SAVING MEASURES.—In addition to the procedures prescribed pursuant to subsection (c), the Secretary of Defense shall employ cost saving measures that do not decrease the operational effectiveness of the systems specified in subsections (a) and (b), which do not pose unacceptable technical risk. The cost saving measures should include the following:

(1) The use of existing facilities and infrastructure.

(2) The use, where appropriate, of existing or upgraded systems and technologies, except that Minuteman boosters may not be used as part of a National Missile Defense architecture.

(3) Development of systems and components that do not rely on a large and permanent infrastructure and are easily transported, emplaced, and moved.

(e) REPORT ON PLAN FOR DEPLOYMENT.—Not later than the date on which the President submits the budget for fiscal year 1997 under section 1105 of title 31, United States Code, the Secretary of Defense shall submit to the congressional defense committees a report containing the following matters:

(1) The Secretary's plan for carrying out this section.

(2) For each deployment date in subsections (a) and (b), the report shall include the funding required for research, development, testing, evaluation, and deployment for each fiscal year beginning with fiscal year 1997 through the end of the fiscal year in which deployment is projected under subsection (a) or (b). The report shall also describe the specific threat to be countered and provide the Secretary's assessment as to whether deployment is affordable and operationally effective.

(3) An analysis of options for supplementing or modifying the national missile defense architecture specified in subsection (a) before attaining initial operational capability, or evolving such architecture in a building block manner after attaining initial operational capability, to improve the cost-effectiveness or the operational effectiveness of such system by adding one or a combination of the following:

(A) Additional ground-based interceptors at existing or new sites.

(B) Sea-based missile defense systems.

(C) Space-based kinetic energy interceptors.

(D) Space-based directed energy systems.

**SEC. 236. CRUISE MISSILE DEFENSE INITIATIVE.**

(a) IN GENERAL.—The Secretary of Defense shall undertake an initiative to coordinate and strengthen the cruise missile defense programs, projects, and activities of the military departments, the Advanced Research Projects Agency and the Ballistic Missile Defense Organization to ensure that the United States develops and deploys affordable and operationally effective defenses against existing and future cruise missile threats.

(b) ACTIONS OF THE SECRETARY OF DEFENSE.—In carrying out subsection (a), the Secretary of Defense shall ensure that—

(1) to the extent practicable, the ballistic missile defense and cruise missile defense efforts of the Department of Defense are coordinated and mutually reinforcing;

(2) existing air defense systems are adequately upgraded to provide an affordable and operationally effective defense against existing and near-term cruise missile threats; and

(3) the Department of Defense undertakes a high priority and well coordinated technology development program to support the future deployment of systems that are affordable and operationally effective against advanced cruise missiles, including cruise missiles with low observable features.

(c) IMPLEMENTATION PLAN.—Not later than the date on which the President submits the budget for fiscal year 1997 under section 1105 of title 31, United States Code, the Secretary of Defense shall submit to the congressional defense committees a detailed plan, in unclassified and classified forms, as necessary, for carrying out this section. The plan shall include an assessment of—

(1) the system that currently have cruise missile defense capabilities, and existing programs to improve these capabilities;

(2) the technologies that could be deployed in the near- to mid-term to provide significant advances over existing cruise missile defense capabilities, and the investments that would be required to ready the technologies for deployment;

(3) the cost and operational tradeoffs, if any, between upgrading existing air and missile defense systems and accelerating follow-on systems with significantly improved capabilities against advanced cruise missiles; and

(4) the organizational and management changes that would strengthen and further coordinate the cruise missile defense efforts of the Department of Defense, including the disadvantages, if any, of implementing such changes.

**SEC. 237. POLICY REGARDING THE ABM TREATY.**

(a) Congress makes the following findings:

(1) Article XIII of the ABM Treaty envisions ''possible changes in the strategic situation which have a bearing on the provisions of this treaty''.

(2) Articles XIII and XIV of the ABM Treaty establish means for the Parties to amend the Treaty, and the Parties have employed these means to amend the Treaty.

(3) Article XV of the ABM Treaty establishes the means for a party to withdraw from the Treaty, upon 6 months notice, ''if it decides that extraordinary events related to the subject matter of this treaty have jeopardized its supreme interests.''

(4) The policies, programs, and requirements of subtitle C of title II of this Act can be accomplished through processes specified within, or consistent with, the ABM Treaty, which anticipates the need and provides the means for amendment to the Treaty.

(b) SENSE OF CONGRESS.—In light of the findings and policies provided in this subtitle, it is the sense of Congress that—

(1) Given the fundamental responsibility of the Government of the United States to protect the security of the United States, the increasingly serious threat posed to the United States by the proliferation of weapons of mass destruction and ballistic missile technology, and the effect this threat could have on the options of the United States to act in a time of crisis—

(A) it is in the vital national security interest of the United States to defend itself from the threat of a limited, accidental, or unauthorized ballistic missile attack, whatever its source; and

(B) the deployment of a national missile defense system, in accord with section 233, to protect the territory of the United States against a limited, accidental, or unauthorized missile attack can strengthen strategic stability and deterrence; and

(2)(A) the Senate should undertake a comprehensive review of the continuing value and validity of the ABM Treaty with the intent of providing additional policy guidance on the future of the ABM Treaty during the second session of the 104th Congress; and

(B) upon completion of the review, the Committee on Foreign Relations, in consultation with the Committee on Armed

Services and other appropriate committees, should report its findings to the Senate.

**SEC. 238. PROHIBITION ON FUNDS TO IMPLEMENT AN INTERNATIONAL AGREEMENT CONCERNING THEATER MISSILE DEFENSE SYSTEMS.**

(a) FINDINGS.—Congress makes the following findings:

(1) Section 234 of the National Defense Authorization Act for Fiscal Year 1994 provides that the ABM Treaty does not apply to or limit research, development, testing, or deployment of missile defense systems, system upgrades, or system components that are designed to counter modern theater ballistic missiles, regardless of the capabilities of such missiles, unless those systems, system upgrades, or system components are tested against or have demonstrated capabilities to counter modern strategic ballistic missiles.

(2) Section 232 of the National Defense Authorization Act for Fiscal Year 1995 provides that the United States shall not be bound by any international agreement that would substantially modify the ABM Treaty unless the agreement is entered into pursuant to the treaty making power of the President under the Constitution.

(3) the demarcation standard described in subsection (b)(1) is based upon current technology.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) unless a missile defense system, system upgrade, or system component, including one that exploits data from space-based or other external sensors, is flight tested against a ballistic missile target that exceeds a range of 3,500 kilometers or a velocity of 5 kilometers per second, such missile defense system, system upgrade, or system component has not been tested in an ABM mode nor deemed to have been given capabilities to counter strategic ballistic missiles, and

(2) any international agreement that would limit the research, development, testing, or deployment of missile defense systems, system upgrades, or system components that are designed to counter modern theater ballistic missiles in a manner that would be more restrictive than the criteria in paragraph (1) should be enacted into only pursuant to the treaty making powers of the President under the Constitution.

(c) PROHIBITION ON FUNDING.—Funds appropriated or otherwise made available to the Department of Defense for fiscal year 1996 may not be obligated or expended to implement an agreement with any of the independent states of the former Soviet Union entered into after January 1, 1995 that would establish a demarcation between theater missile defense systems and anti-ballistic missile systems for purposes of the ABM Treaty or that would restrict the performance, operation, or deployment of United States theater missile defense systems except: (1) to the extent provided in an act enacted subsequent to this Act; (2) to implement that portion of any such agreement that implements the criteria in subsection (b)(1); or (3) to implement any such agreement that is entered into pursuant to the treaty making power of the President under the Constitution.

**SEC. 239. BALLISTIC MISSILE DEFENSE PROGRAM ELEMENTS.**

(a) ELEMENTS SPECIFIED.—In the budget justification materials submitted to Congress in support of the Department of Defense budget for any fiscal year after fiscal year 1996 (as submitted in the budget of the President under section 1105(a) of title 31, United States Code), the amount requested for activities of the Ballistic Missile Defense Organization shall be set forth in accordance with the following program elements:

(1) The Patriot system.

(2) The Navy Lower Tier (Area) system.

(3) The Theater High-Altitude Area Defense (THAAD) system.

(4) The Navy Upper Tier (Theater Wide) system.

(5) Other Theater Missile Defense Activities.

(6) National Missile Defense.

(7) Follow-On and Support Technologies.

(b) TREATMENT OF NON-CORE TMD IN OTHER THEATER MISSILE DEFENSE ACTIVITIES ELEMENT.—Funding for theater missile defense programs, projects, and activities, other than core theater missile defense programs, shall be covered in the ''Other Theater Missile Defense Activities'' program element.

(c) TREATMENT OF CORE THEATER MISSILE DEFENSE PROGRAMS.—Funding for core theater missile defense programs specified in section 234, shall be covered in individual, dedicated program elements and shall be available only for activities covered by those program elements.

(d) BM/C31 PROGRAMS.—Funding for programs, projects, and activities involving battle management, command, control, communications, and intelligence (BM/C31) shall be covered in the ''Other Theater Missile Defense Activities'' program element or the ''National Missile Defense'' program element, as determined on the basis of the primary objectives involved.

(e) MANAGEMENT AND SUPPORT.—Each program element shall include requests for the amounts necessary for the management and support of the programs, projects, and activities contained in that program element.

**SEC. 240. ABM TREATY DEFINED.**

For purposes of this subtitle, the term ''ABM Treaty'' means the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Anti-Ballistic Missiles, signed at Moscow on May 26, 1972, and includes the Protocols to that Treaty, signed at Moscow on July 3, 1974.

**SEC. 241. REPEAL OF MISSILE DEFENSE PROVISIONS.**

The following provisions of law are repealed:

(1) The Missile Defense Act of 1991 (part C of title II of Public Law 102–190; 10 U.S.C. 2431 note).

(2) Section 237 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160).

(3) Section 242 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160).

(4) Section 222 of the Department of Defense Authorization Act, 1986 (Public Law 99–145; 99 Stat. 613; 10 U.S.C. 2431 note).

(5) Section 225 of the Department of Defense Authorization Act, 1986 (Public Law 99–145; 99 Stat. 614).

(6) Section 226 of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100–180; 101 Stat. 1057; 10 U.S.C. 2431 note).

(7) Section 8123 of the Department of Defense Appropriations Act, 1989 (Public Law 100–463; 102 Stat. 2270–40).

(8) Section 8133 of the Department of Defense Appropriations Act, 1992 (Public Law 102–172; 105 Stat. 1211).

(9) Section 234 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1595; 10 U.S.C. 2431 note).

(10) Section 235 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2701; 10 U.S.C. 221 note).

## THE SMALL BUSINESS LENDING ENHANCEMENT ACT OF 1995

### NUNN AMENDMENT NO. 2426

Mr. DOLE (for Mr. NUNN) proposed an amendment to the bill (S. 895) to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the administration, and for other purposes; as follows:

To amend the Committee substitute; on page 14, add the following new section:

**''SEC. . PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.**

''Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking ''September 30, 1995'' and inserting ''September 30, 1997.''

## NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Full Committee on Energy and Natural Resources. The purpose of the hearing is to receive testimony on H.R. 1266, to provide for the exchange of lands within Admiralty Island National Monument, known as the ''Greens Creek Land Exchange Act of 1995.''

The hearing will take place Tuesday, September 12, 1995, at 9:30 a.m. in SD–366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please contact Michael Flannigan of the Committee staff at (202) 224–6170.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI: Mr. President, I would like to announce for the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place Thursday, September 14, 1995, at 9:30 a.m. in SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to review S. 1144, a bill to reform and enhance the management of the National Park Service, S. 309, a bill to reform the concession policies of the National Park Service, and S. 964, a bill to amend the Land and Water Conservation Fund Act of 1965 with respect to fees for admission into units of the National Park System.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two

copies of their testimony to the Committee on Energy and Natural Resources, U.S. Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole of the committee staff at (202) 224–5161.

## ADDITIONAL STATEMENTS

### CHINESE MISSILE TESTS

• Mr. PRESSLER. Mr. President, between July 21 and July 26 China conducted a series of ballistic missile test firings 85 miles from Taiwan. The missiles were all MTCR class four short range and two intermediate range. All were modern, mobile, nuclear-capable. No country has ever held this level of field tests for nuclear capable missiles before.

The result was predictable—the stock market and the local currency in Taiwan fell precipitously.

Mr. President, yesterday China announced that a new round of ballistic missile tests are due to begin next week. Again the test range is very near Taiwan. And again, the same result—the stock market in Taiwan plunged this morning to a 20-month low and the local currency dropped to the lowest level in 4 years.

Mr. President, the United States is faced with three choices: First, we can do nothing. However, I believe that it is not in the national security interest of the United States to allow Asia to be dominated by a nondemocratic power.

Second, at the other extreme, we could interpose the United States Pacific Fleet between the Chinese coast and the Asian democracies. President Truman did so in 1950 but I believe that should be considered only as a last resort.

Finally, we can take what I believe is the wisest course. That is, the United States can provide the requisite material and political support so that the Asian democracies can resist aggression.

Mr. President, when we return there will be a number of legislative opportunities to address this issue. I believe we should do so, hopefully with the administration's cooperation, but if necessary, without it.

Mr. President, I ask that a number of wire service stories on this issue be printed in the RECORD at the conclusion of my remarks.

#### FEARS WIDESPREAD IN TAIWAN AS CHINA RENEWS TESTS

(By Joyce Liu)

TAIPEI, August 11.—Taiwan's financial markets plunged and the dollar tumbled to a four-year low on Friday amid fears roused by a second series of missile tests China is planning near the island.

Taiwanese officials tried to allay widespread concern over the tests, with Huang Yao-yu, director-general of Taiwan's ruling Nationalist Party's department of mainland operations, saying they were not a direct military threat but were politically motivated.

They saw the tests as an attempt to create instability before presidential elections next March.

''There should not be any situation which is out of control. It has not yet reached the level of real military actions,'' Huang said on state-funded television. ''It (China) hopes our elections can meet its expectations.''

China announced on Thursday it would hold the second round of guided-missile tests in less than a month in the East China Sea between August 15 and 25, just north of Taiwan.

Financial markets reacted sharply to the tests. On Friday, the stock market plunged 4.57 percent to 4,551.89, a 20-month low, and the Taiwan dollar tumbled to the lowest level since 1991 against the U.S. dollar at midday.

Taiwan has said it would hold a military exercise, described as a routine military inspection, in southern Taiwan before the island's National Day on October 10.

''Communist China holds exercises and Taiwan also wants to hold exercises. What is the government doing and what should we stock investors do?'' said an angry middle-aged housewife at a Taipei brokerage.

As well as creating instability in Taiwan, China's motive is also seen by political analysts as cutting support for Taiwan President Lee Teng-hui, who is widely expected to run in the first presidential elections.

Analysts said that if China could not intimidate Taiwan, it might continue to increase tensions in the Taiwan Straits before the island's December parliamentary elections and the March presidential elections.

''It seems communist China wants to cross the middle line and start to use force to incite Taiwan,'' said Hu Fo, political science professor at National Taiwan University.

China has considered Taiwan a revel province since the Nationalists lost the civil war in 1949. Both say they want eventual reunification but on very different terms.

''It will be very dangerous if communist China thinks it can no longer solve the reunification issue with a peaceful method. Taiwan should handle the issue very carefully now,'' Hu said.

President Lee's landmark visit to the United States in June, although private, infuriated Beijing which interprets Lee's moves to promote the island's international image as advocating independence.

Relations soured after Lee's U.S. trip and China's last missile tests, between July 21 and 26 in the sea north of Taiwan, triggered fear throughout Taiwan, forcing the stock market and the dollar down.

Taiwan cabinet's Mainland Affairs Council, which sets the island's China policy, has blasted China over Thursday's missile test announcement, saying the tests were unfriendly and irresponsible.

#### CHINA MILITARY EXERCISE

(By Charlene L. Fu)

BEIJING.—China's decision to hole its second series of missile tests in a month will have little military value but is aimed at intimidating Taiwan, experts say.

The planned test firings of guided missiles and live artillery shells starting next week in the East China Sea north of Taiwan are the latest in as summer-long series of political and military tit-for-tats between China and the island it views as a renegade province.

Beijing has been wary of Taiwan President Lee Teng-hui's efforts to gain greater international recognition for the economic powerhouse and was alarmed when Washington allowed him to make a private visit.

China started a three-month military exercise on the coast opposite Taiwan soon after Lee's June visit, then increased the pressure with ballistic missile tests in mid-July.

The announcement Thursday of the next planned tests, due to start Tuesday and last for 10 days, came after Taiwan scheduled army, navy and air force exercises in October.

This series of exercises is meant to intimidate Taiwan,'' said Eric Arnett, a military technology expert at the Stockholm International Peace Research Institute.

Though usually secretive about its military, Beijing reported the latest planned tests the same way it announced the previous ones: in a brief dispatch from the government news agency and on the national TV news.

''The Chinese People's Liberation Army will conduct exercises of guided missile and artillery live ammunition firing,'' the official Xinhua News Agency said.

Ships and airplanes were warned to stay out of the designated waters and airspace in the target area, 60 miles north of Taiwan.

Experts say China tests missiles every year at this time, but normally notification is given quietly through diplomatic channels.

They also noted that there is little military intelligence to be gained by repeated firings of missiles. Six surface-to-surface ballistic missiles were fired in the last test.

In addition, China's military normally tests missiles on land—where greater secrecy can be maintained than in international waters—so little need exists for the target area to be so near Taiwan, the experts said.

''The East China Sea is a big ocean. They don't have to put it 100 clicks (kilometers) off Taiwan,'' said Bob Karnio, Asia-Pacific editor for Jane's Defense Weekly.

China's military is believed to have played a greater role in policy-making toward Taiwan and the United States since the Foreign Ministry failed to prevent Lee's U.S. visit.

Reports in the Hong Kong media, citing unnamed sources, have said China's top leaders have decided to keep the pressure on Lee and on Taiwan.

Presidential elections are scheduled for next year, and China worries that Lee or opposition leaders will win, spurring calls for Taiwan to declare independence.

Lee has moved his Nationalist Party away from its Cold War-era claim to sovereignty over all of China. The Nationalists took refuge on Taiwan after losing a civil war to Communist forces in 1949.

Taiwan's stock and currency markets reeled today from the announcement of the new tests. The stock market's main index plunged 4.57 percent and the Taiwan dollar hit a four-year low of 27.36 to the U.S. dollars.

#### CHINA TO HOLD MORE MISSILE TESTS IN EAST CHINA SEA

(By Benjamin Kang Lim)

BEIJING, August 10.—China stepped up its intimidation of rival Taiwan on Thursday, announcing a second round of rare guided missile tests in less than a month in the East China Sea, just north of the Nationalist-ruled island.

The People's Liberation Army would hold the tests of guided missiles and firing of live artillery in and over a sea area off the coast of southeastern Zhejiang province from August 15 to 25, the Ministry of Communications said.

The southernmost perimeter of the tests is just 150 km (90 miles) north of Taiwan, which Beijing considers a renegade province ruled by rebel Nationalist foes.

The test zone off Zhejiang is a few miles north of the area where China's military test-fired six surface-to-surface missiles from July 21 to 26, setting off panic in Taiwan as the stock market plunged and the Taiwan dollar tumbled.

''For the sake of safety, ships and airplanes of other countries and regions are requested not to enter the said sea area and airspace during the period,'' the announcement said.

Diplomats said China's military was clearly eager to pursue last month's show of strength with another display of military might aimed at placing Lee Teng-hui, president of arch-rival Taiwan, on the defensive.

China has said repeatedly its three-million-strong military, the world's biggest, cannot give up the threat of force to recapture rival Taiwan if the island abandons its avowed goal of reunification and declares independence.

In Taiwan, the Defense Ministry played down the latest tests, saying it would not raise or change combat readiness.

Taiwan has said it would hold a military exercise before its October 10 National Day and the Defense Ministry has described the exercise as a routine military inspection.

Taipei's Lee enraged Beijing in June after he boosted his international image by edging open an effective U.S. ban on all visits, even unofficial, by senior Taiwan officials when he won Washington's permission to make a private trip.

Beijing has since fired a relentless series of verbal volleys at Lee, accusing him of advocating independence for Taiwan and effectively ruling out the Taiwan president as a partner for negotiations on reunification.

China's communist rulers have considered Taiwan a rebel province since the Nationalists lost the civil war in 1949. Both say they want reunification but on very different terms.

The previous missile tests, which did not include live artillery fire, marked the first time China had announced such exercises in advance.

Diplomats saw the move as a warning to Taiwan, a virtual diplomatic pariah, not to try to boost its international status through more private visits overseas.

Taiwan's stock market plunged 3.82 percent to a 20-month low on Wednesday on nervousness over current military exercises off Zhejiang.

The East Sea 5 exercises along Zhejiang's coast have for the first time included mountain and urban warfare training, with paratroopers engaged in house-to-house combat, along with the more regular amphibious landings and air support, one military analyst said.

''This really worries me. Two missile tests in such a short time,'' Hu Fo, political science professor at National Taiwan University, told Reuters.

''It seems communist China's policy on Taiwan is turning harder and harder and its trust in Taiwan is decreasing day by day since President Lee visited the United States,'' Hu said.

---

CHINA-MILITARY EXERCISE

(By Charlene L. Fu)

BEIJING.—China on Thursday announced its second set of missile tests in a month—a move experts said was meant to intimidate Taiwan.

The planned test firings of guided missiles and live artillery shells in the East China Sea 60 miles north of Taiwan are the latest in a series of political and military tit-for-tats this summer between China and the island it views as a renegade province.

Beijing has been wary of Taiwan President Lee Teng-hui's efforts to garner greater international recognition for his country, an economic powerhouse, and was alarmed when Washington allowed him to visit the United States in June.

China started a three-month military exercise on the coast opposite Taiwan soon after Lee's U.S. visit and then tried to ratchet up the pressure with ballistic missile tests in mid-July.

The announcement of the next planned tests, due to start Tuesday and last 10 days, came after Taiwan scheduled army, navy and air force exercises of October. The announcement was carried by the official news agency, Xinhua.

''This series of exercises is meant to intimidate Taiwan,'' said Eric Arnett, a military technology expert at the Stockholm International Peace Research Institute.

Experts say China tests missiles every year at this time, but normally notification is given quietly through diplomatic channels—not broadcast to the nation and beyond.

They also noted that little military intelligence was to be gained by repeated firings of missiles. Six surface-to-surface ballistic missiles were fired in the last test.

In addition, China's military normally tests missiles on land, where greater secrecy can be maintained.

''The East China Sea is a big ocean. They don't have to put it 100 clicks (100 kilometers or 62½ miles) off Taiwan,'' said Bob Karniol, Asia-Pacific editor for Jane's Defense Weekly.

The Nationalists took refuge on Taiwan after losing a civil war to Communist Party-led forces in 1949. Lee has moved his Nationalist Party away from its Cold War-era claim to sovereignty over all of China.

---

CHINA MISSILE TESTS SIGNAL MORE PRESSURE FOR TAIWAN

(By Jane Macartney)

BEIJING, August 11.—If anyone thought China's first missile tests off Taiwan were a coincidence which happened to spark panic in Taipei, those doubts evaporated with the announcement of more exercises, diplomats said on Friday.

But that raises more questions, diplomats say. What does China hope to achieve? Why the new aggressiveness? Will the strategy backfire?

Or do the manoeuvres reflect internal jockeying for prestige between President and Communist Party chief Jiang Zemin and the military of which he is the titular head?

The official Communist Party mouthpiece the People's Daily carried a front-page map clearly marking a diamond-shaped test area just off a sliver of Chinese coast and above a large outline of rival Taiwan occupying most of the map.

''We knew they were holding exercises from May to September off the coast of Zhejiang, but now it is clear that these tests as threats are not just media hype but a political reality,'' a Senior Western diplomat said.

China announced on Thursday a second round of guided missile tests in less than a month in the East China Sea, 150 km (90 miles) north of Taiwan, but this time expanded them to include firing of live artillery from August 15 to 25.

''We thought that they would stop after the first tests,'' said another diplomat, referring to the July 21–26 exercises, which were 10 km (six miles) nearer Taiwan. ''But clearly they are gearing up again to put more heat on Taiwan.''

Diplomats said China's message through its unprecedented advance announcements of the tests was a warning to Taiwan—viewed by Beijing as a renegade province ruled by rebel Nationalist foes—not to try to raise its world status.

''The point is Taiwan must not forget that China can use the forceful option,'' the senior Western diplomat said.

China has said repeatedly its three-million strong military, the world's biggest, cannot give up the threat of force to recapture rival Taiwan if the island abandons its avowed goal of reunification and declares independence.

China, and its powerful military, were enraged in June when Taiwanese President Lee Teng-hui made a landmark private visit to the United States.

''Lee has achieved something they have been unable to do,'' the senior diplomat said. ''Jiang Zemin and (Premier) Li Peng want to go to the U.S., so what we are seeing here is a serious loss of face and that is terribly important to the Chinese.''

The new aggressiveness might stem from confusion among China's communist leaders over how to deal with a new generation of Taiwan leaders, diplomats said.

''They had a reliable relationship with the old-style Nationalists of diehard adversaries. They had a solid basis for misunderstanding based on a common goal of reunification. Things are not so clear now,'' the senior diplomat said.

He said he expected the use of military intimidation, which has caused Taipei's stock market to plunge and the Taiwan dollar to tumble, to be repeated until the coastal Zhejiang exercises reach their scheduled end.

Few expect China to carry through with its threat to invade Taiwan, diplomats say.

But Beijing is nervous that if Taiwan wriggles away from reunification this could have ramifications for Beijing's ties with Chinese communities in the rest of Asia. ''There are long-term issues at stake,'' he said.

Some diplomats said Beijing's strategy could trigger a rise in support for Lee. Presidential polls are scheduled for next March.

''Plus, it's not clear whose running the show,'' said one. ''Is Jiang directing the military, or in fact does the military have the final voice on such matters?''

---

TAIWAN STOCK MARKET PLUNGES ON CHINA MISSILE TESTS

(By James Peng)

TAIPEI, August 11.—Taiwan's panic-striken stock market plunged again on Friday after China announced a second series of missile tests near the north of the island.

Taipei's weighted index fell 217.96 points or 4.57 percent to 4,551.89, a 20-month low, and securities analysts said they expected the index to seek new lows during the tests, to be held between August 15–25.

They said however that strong support would emerge at 4,100, with resistance at 4,700. The index has fallen 36 percent since the end of 1994, with significant losses in the past month.

Taiwan stocks have been badly hit in the past month with the unearthing of fraud in two financial institutions and an earlier round of Chinese missile tests.

The index was trading at around 5,400 points in mid-July, and started plunging when China first announced missile tests on July 19. The tests, were held, without incident, on July 21 and 26, but the stock market indicator resumed its downward movement when the financial scandals came to light this month.

Trading on Friday reflected more of the past month's fears.

''Panic selling emerged right from the opening, although many believed the impact of a second series of missile tests should be smaller than the first,'' said George Hou, a fund manager of Jardine Fleming Securities.

After opening down 2.96 percent, the index slowed down its fall for a while then resumed its decline.

''If the stock market continues to plunge and the ruling party does not rescue it, I will put my money abroad,'' said a stock investor at the Yungli stock brokerage in central Taipei.

''We can attribute the stock plunges in recent days in a large part to rumours that several listed firms which have been deeply involved in stock investments have reported financial problems,'' said Ben Lee, senior analyst of Nomura Securities.

''People are really worried over a chain reaction in financial crises,'' Lee said.

Last week, a T$7.9 billion (US$293 million) run on deposits emerged at a credit union after reported allegations of embezzlement by the union's general manager. Later that week a bills finance firm reported a T$10 billion ($370 million) fraud scandal.

Analysts expected the selling to slow down in coming days.

''Sentiment should remain bearish for some time, and investors are expecting the government to announce some bullish news to boost the market,'' said Lin Long-hsien, assistant vice-president of United Securities.

But they did not expect any bullish news soon to be released by the government to effectively stop the downtrend.

''The government will likely announce some bullish news to boost the market soon, which may cause a small rebound, but then the index will fall again to seek new support level,'' Hou said.

Analysts forecast that any further sabre-rattling by China would have relatively less effect on the market.●

## INDIA INDEPENDENCE DAY

● Ms. MIKULSKI. Mr. President, Next week we mark the 48th anniversary of the Independence of India. I rise today to pay tribute to the proud legacy and bright future of the people of India and of the Indian community in the United States.

Indian patriots won independence in 1947, after long years of struggle and sacrifice. A new generation of Indians has inherited their courage—a generation dedicated to safeguarding and enlarging the gains of freedom both in India and in the United States.

The Indian people are committed to democracy, development, international cooperation and the advancement of human rights. India is also committed to economic growth and reform.

The Indian Community has greatly enriched the United States. They have achieved the highest levels of education; founded philanthropic, religious, and cultural organizations; pioneered scientific advances; and presented an informed voice to the American political process. The contributions of individual Americans of Indian descent—in business, medicine, academia and government—is extraordinary.

On Indian Independence Day, I ask my colleagues to join me in honoring the history and accomplishments of the Indian people —and in working toward continued friendship and cooperation between India and the United States.●

## PRIVATE DREDGES—A BETTER DEAL FOR THE TAXPAYER

● Mr. FAIRCLOTH. Mr. President, before coming to the Senate, I spent 45 years in the private sector meeting a payroll a businessman and a farmer. I understand free enterprise and the ability of the private sector to meet the needs of the citizens of this country. Others, Mr. President, do not. They place their faith in government.

This wrongheaded reliance on government is clearly exhibited by the continued use and maintenance of Government-owned hopper dredges. Hopper dredges are the large seagoing vessels used to maintain ocean entrance channels to the Nation's ports and waterways. They are also used to maintain rapidly shoaling rivers.

This problem is that government-owned and operated dredges charge the taxpayer 41 percent more to do their work than is charged by the privately owned dredges. That's according to a 1991 study done by the U.S. Army Corps of Engineers, the very same folks who operate and maintain these dredges.

Hopper dredges have historically been owned and operated by the Government. But in 1977 the Congress did the right thing by directing the Corps to phase out Government-owned dredges and privatize the business of maintaining our Nation's ports and waterways. What a terrific policy that has been for the taxpayer. In 1977 there was a single private hopper dredge—today there are 15. Each one of them doing more work, more cheaply, more efficiently and with more expertise than was previously expected from Government-owned and operated dredges.

The job, however, is not yet done. The private sector has not yet been allowed to fully work its magic. Four Government-owned hopper dredges remain. These inefficient, costly, and antiquated old work horses are perhaps best characterized by the *McFarland*, a tired old lady whose day has passed. Berthed at Philadelphia Naval Ship Yard, the *McFarland* needs more than $20 million in repairs to even begin to meet the standards we have come to expect from private dredges. I don't think the taxpayer needs to subsidize the work these by-gone beasts of old. And surely we do not need to spend money to repair ships so that they can then go out perform work more expensively than would be the case with privately owned and operated vessels.

The private dredge industry would welcome the work now being conducted by the Government and Government vessels. Right now, one of the large private dredges is relegated to work overseas. That's unfortunate. Because the Government continues to devote 21 percent of available work to old Government dredges, work that accounts for fully 52 percent of available maintenance dredge funds, the private sector must go overseas to find jobs.

The supporters of Government-controlled dredging cite two reasons for their objection to privatization: national security and emergency response. These objections do not hold up under scrutiny. The private sector has proven its ability to respond when called on in an emergency, and its record can only improve with further privatization. As for national defense, a recent corps study concluded that the private dredges are fulfilling their role as reserve vessels for the corps, and will certainly perform as required in the case of an emergency.

As a member of the Environment and Public Works Committee, I filed an amendment several weeks back to the Water Resource Department Act that would establish a system by which these dredges would be phased out. The amendment was not offered because I agreed with the chairman, Senator CHAFEE, that perhaps it was a bit premature. The committee was not prepared to address the issue at that point. That's fine, Mr. President, but when the bill comes to the floor, it is my intention to offer the amendment or one very much like it. It is time we allowed the private sector to work its magic.

## RESTRICTING COVERAGE FOR ABORTION IN FEDERAL EMPLOYEES HEALTH BENEFITS PLAN

● Mr. LIEBERMAN. Mr. President, I rise today to express my deep concern over an amendment to the Treasury Postal-Service Appropriations bill that passed the Senate by a narrow margin last Saturday. The amendment, offered by Senator NICKLES, would restrict coverage for abortion under the Federal Employees Health Benefits Plan [FEHBP], to cases of rape, incest, or where the life of the mother is endangered. The amendment effectively and unfairly limits access to a legal medical procedure for over 1 million women who are covered under the FEHBP. This policy discriminates against women who work for the Federal Government and that is why I voted against it.

Mr. President, we all have strong personal views about abortion. Some of us believe that no matter what our personal view are on abortion, a woman should have the legal right to choose under Roe versus Wade. I respect my colleagues who differ with me on this issue and I understand why they differ. But the debate over FEHBP coverage is not a debate over Roe versus Wade. The question we should be asking ourselves is this: should women who work for the Federal Government have the same effective choices as women who work for other employers? Two-thirds of women with health insurance have coverage for abortion. Removing abortion coverage from the FEHBP would effectively restrict the reproductive choices of the Federal employee—particularly the thousands of Federal employees with very modest salaries.

A woman who has limited resources but does have health care coverage through FEHBP and needs an abortion would be out of luck. She may delay her abortion until she has been able to come up with the extra money necessary for an abortion. Later term abortions are more dangerous and the

delay would unnecessarily put the woman's health at risk.

Mr. President, opponents to the amendment argue that many Americans oppose abortion and that their tax dollars should not be used to support this medical procedure. But health benefits are earned benefits, they are a part of compensation package for all Federal employees. We do not judge the way Federal employees spend their earned income—it is their right to make that decision. Neither should we judge or restrict their choice of insurance plan. Taxpayer money goes to Federal workers to compensate them for the job they do. Part of that compensation is comprehensive health insurance that covers legal medical procedures.

Others speaking against this amendment have argued that those Federal employees who are morally opposed to abortion and should not have to contribute to plans that cover the service. They argue that providing coverage under the FEHBP forces federally employed abortion opponents to contribute to others' insurance coverage through their health insurance premiums. But only about half of the FEHBP plans provide coverage for this medical procedure, so those who do not want to participate in a plan that covers this reproductive health services have ample alternatives.

We should not, de facto, make reproductive health decisions for any woman who is employed by or is a dependent of an employee of the Federal Government. Her reproductive health decisions should be a decision made by her and her health professional. I regret the Senate adopted the Nickles amendment.●

## FREDDIE MAC'S 25TH ANNIVERSARY

● Mr. D'AMATO. Mr. President, I rise to offer my congratulations to the Federal Home Loan Mortgage Corporation as it celebrates its 25th anniversary. The Federal Home Loan Mortgage Corporation, known as Freddie Mac, has served as a vital source of mortgage capital for 2½ decades.

Since its Congressional charter in 1970, Freddie Mac has purchased over $1.2 trillion in mortgage loans. After purchase, mortgage loans are packaged into securities and sold to investors. Freddie Mac has developed an efficient and liquid secondary mortgage market that has ensured a continuous and reliable flow of funds to the primary mortgage market.

Freddie Mac steadfastly continues to fulfill its important mission to make a reality of the American dream of decent, safe and affordable housing. Since its creation, Freddie Mac has assisted 16 million hard working American families by financing one out of every six homes in the United States. This is a tremendous accomplishment which deserves our commendation.

Freddie Mac is working to enhance the existing mortgage finance delivery system through efforts to ensure fair lending, revitalize neighborhoods and expand affordable housing opportunities. These efforts should enable Freddie Mac to continue to serve Americans for generations to come.

It is with pleasure that I recognize the success story of the Federal Home Loan Mortgage Corporation. I applaud Freddie Mac for a job well done and wish them a happy anniversary.●

## COMMEMORATION OF THE 75TH ANNIVERSARY OF WOMEN'S SUFFRAGE

● Mrs. FEINSTEIN. Mr. President, the enfranchisement of women 75 years ago contributed to remarkable changes in the lives and well being, not just of women in our society, but of our Nation as a whole.

On August 26 our Nation will celebrate the 75th anniversary of the 19th amendment to the Constitution. With the passage of this amendment, over a century after ratification of the U.S. Constitution, the right to vote was extended to women.

This occasion is a time to reflect upon the many contributions made by women as a result of being enfranchised to vote, and I am proud to say that I am both a beneficiary of this historic amendment and a product of its legacy.

In seeking the right to vote, the women who preceded me in political arena sought more than mere representation at the polls. Gaining the right to vote was the first critical step toward women becoming full and equal partners in every aspect of American society.

The 19th amendment, in addition to enfranchising women, was a tacit declaration of a woman's right to hold office. In the first elections held after the ratification of the 19th amendment, women won public office in 23 States.

The impact of women voting was felt even before the 19th amendment was ratified. In 1916, President Woodrow Wilson, embroiled in a hotly contested reelection campaign, faced the first known gender-gap in a Presidential election. At the time, there were 12 States which allowed women to vote, and the newly formed Women's Party had mounted an aggressive campaign in those States to defeat Wilson because of his stiff opposition to women's suffrage. In Illinois, the only State where votes were tallied by sex, women voted against Wilson by a ratio of 2 to 1. And, in California, another equal suffrage State, Wilson won by only .3 percent of the vote. The women's vote nearly cost Woodrow Wilson the election.

Although the Women's Party could not deny President Wilson a second term, an important goal had been accomplished—women were noticed as a significant force at the polls. Democrats put out as much campaign literature on women's suffrage that year as they did on peace.

Today, although still grossly underrepresented in numbers, women hold office in all levels of government. Fifty-five women serve in Congress today, including 7 in the U.S. Senate. Women hold the office of mayor in 178 cities with populations larger than 30,000. And, since 1925, 13 women have served as Governor of their State.

In the past 75 years numerous women have broken the glass ceiling with many firsts. Janet Reno as the first woman Attorney General; Hazel O'Leary as the first woman Secretary of Energy; Jeane Kirkpatrick as the first woman Ambassador to the United Nations; Sandra Day O'Conner as the first woman Supreme Court Justice. I look forward to the day, however, when women no longer make news for being the first appointed, but for what they do. Then our Nation can say we have attained the level of equality the voters of 75 years ago began working toward.

As a Member of the U.S. Senate, I stand before you as a direct descendant of the tireless efforts of Alice Paul, Lucy Burns and Dorothy Day—women who went to prison for picketing for the right to vote. These trailblazers, and many others whose names have escaped the history books, devoted their lives to make women full and equal partners in American society.

I know that with every vote I cast as a Member of this body, I honor their legacy. It is in recognition of those women, and the progress made over the last 75 years, that we commemorate the 75th anniversary of the 19th amendment to the U.S Constitution.●

## ACADEMY OF RESIDENTIAL CONSTRUCTION

● Mr. MACK. Mr. President, I rise today to support and recognize the significant achievements of the Academy of Residential Construction [ARC], a major training effort in my State to teach noncollege bound high school students a trade in the homebuilding industry. As ARC prepares for its second year of skilled carpentry framer training, it is refreshing to see a partnership that is free from Government funds and enthusiastically embraced by both the business community and educators.

ARC is an ambitious collaboration between William H. Turner Technical Arts High School, the Builders Association of South Florida, the Latin Builders Association, Inc., the Home Builders Institute, PAVE, and the Education and Training Foundation. Through ARC, secondary students, many of whom are disadvantaged, work with south Florida's leading educators, builders, manufacturers, and suppliers to learn homebuilding from the ground up. With the help of the Fannie Mae Foundation, these partners have developed the Nation's first and only high school construction training program

designed by builders and educators specifically to meet builder's needs.

Students enrolled in ARC receive approximately 1,100 hours of multidimensional training which include classroom, shop, laboratory, and worksite instruction during grades 9 through 12. Having passed builder approved standards and upon graduation, ARC students are certified as skilled in carpentry framing.

It is refreshing to see a community and the entire homebuilding industry actively involved in a program that helps make students immediately employable once they graduate high school. I am very proud of Miami's ARC Program and the financial commitment made by the Fannie Mae Foundation to train the next generation of homebuilders.●

## AMT DEPRECIATION RELIEF ACT OF 1995

● Mr. ROCKEFELLER. Mr. President, I ask unanimous consent that the full text of the AMT Depreciation Relief Act of 1995, S. 1160, as introduced on August 10, 1995, be printed in the RECORD.

The text of the bill follows:

S. 1160

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. ALTERNATIVE MINIMUM TAX DEPRECIATION DETERMINED UNDER REGULAR TAX RULES.**

(a) IN GENERAL.—Clause (i) of section 56(a)(1)(A) of the Internal Revenue Code of 1986 (relating to depreciation) is amended by inserting ''and before January 1, 1995'' after ''December 31, 1986''.

(b) ACE PREFERENCE.—Subparagraph (A) of section 56(g)(4) of such Code is amended by striking clause (iv), by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively, and by inserting before clause (ii) the following new clause:

''(i) PROPERTY PLACED IN SERVICE BEFORE 1981 AND AFTER 1994.—In the case of property not described in clause (ii), (iii), or (iv), the amount allowable as depreciation or amortization with respect to such property shall be determined in the same manner as for purposes of computing taxable income.''

(c) CONFORMING AMENDMENT.—Clause (ii) of section 56(g)(4)(A) of such Code, as redesignated by subsection (b), is amended—

(1) by inserting ''and before 1995'' after ''after 1989'' in the heading and the text, and

(2) by striking ''after December 31, 1993'' and inserting ''during 1994''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 1994.●

## INSTALLATION OF GEORGE SHAFFER AS PRESIDENT OF THE INDEPENDENT INSURANCE AGENTS OF AMERICA

● Mr. DOMENICI. Mr. President, I rise today to commend a fellow New Mexican and a dear friend, George Shaffer of Albuquerque, who will be installed as president of the Independent Insurance Agents of America [IIAA] next month in Las Vegas.

George has always been successful at any endeavor he sets out to accomplish. He has enjoyed a long and distinguished career as an independent insurance agent. His service to his State, community, national association and State association, and the Independent Insurance Agents of New Mexico, is equally long and impressive. After holding several elective offices in the New Mexico State association, George began his service to the national organization by serving as New Mexico's representative to IIAA's national board of State directors from 1982 to 1990.

He also served on IIAA's government affairs committee for 6 years, including 3 years as its chairman. In recognition of his outstanding personal contributions in government affairs arena, the IIAA presented him with its prestigious Sidney O. Smith Award in 1990. The Smith Award is presented to an individual in recognition of their outstanding personal contributions in government affairs activities.

George was elected to IIAA's executive committee in Chicago in 1990. In the time since, he has exhibited a spirit of dedication and concern for his 300,000 colleagues around the country.

George's selfless attitude also extends to his involvement in State and local community activities. He served as a New Mexico State senator, chairman of the State's Better Business Bureau, and a member of that group's executive committee. In addition, George served a 4-year term as the lay member of the New Mexico Real Estate Commission. For the past 15 years he has served as a trustee of the Albuquerque Academy, a 6th through 12th grade privately endowed school.

The members of the IIAA have a great leader to lead their organization, and it will be a distinct pleasure for me to work with George Shaffer over the coming year as he serves as president of the Nation's largest insurance association.

I have complete confidence that George will serve with distinction and provide strong leadership as president of the Independent Insurance Agents of America. I wish him all the best as IIAA president.●

## WACO HEARINGS

● Mr. LIEBERMAN. Mr. President, I just wanted to take a few moments in morning business today to comment on the Waco hearings completed 2 weeks ago in the other body.

Whatever one thinks of the manner in which those hearings were conducted or, indeed, about what happened at Waco itself, several important facts bear noting. Federal law enforcement agents risked their lives there, as they do every day and four of them died enforcing a search warrant authorized by a Federal court order. These are the same Federal agents who walk the most dangerous streets in America investigating crimes and arresting violent, conscience-less thugs; these are the same agents who have infiltrated the most vicious organized crime groups and shut them down; these are the same agents who have captured kidnappers and rescued the kidnapped; these are the same agents to whom we look when terrorists construct bombs and explode them in our midst.

In our horror at the conflagration and deaths at Waco, we should not forget who those agents were and are.

In addition, in too many of the discussions of what happened at Waco, there seems to be a blurring of who set in motion the horrible cycle of violence and death. There is a tendency on the part of some to hold everyone equally responsible for those nightmarish hours because Federal law enforcement agents and their supervisors made mistakes—mistakes they have acknowledged and, most importantly, have taken steps not to repeat. We cannot forget that those mistakes were of an entirely different character and magnitude that those of David Koresh.

Indeed, the person who is most responsible for what happened at Waco is dead. His death should not justify discounting his responsibility for what happened and somehow equating his behavior with the actions of Federal law enforcement agencies.

It is David Koresh who stockpiled automatic weapons and established an arsenal large enough to start a war. It is he who fired first. It is he who abused some of his followers, psychologically and sexually, including a 10-year-old girl. It is he who shot and killed some of his followers and it is he who started the fire that killed so many others.

The hearings in the other body served some good purposes. It reminded people what kind of person the Federal agents on the scene were dealing with. It reminded everyone that these agents must make life-and-death decisions on a daily basis on limited, sometimes conflicting information. It reminded everyone that they are human, and so embody all the frailties and nobility of human beings of good will.

Somehow in the understandable concern about whether Federal agents had overreacted or acted too quickly at Waco, those points were too often overlooked. Our Federal law enforcement officers are some of the bravest, most extraordinary citizens I know. They deserve our respect and our gratitude.●

## THE 25TH ANNIVERSARY OF FREDDIE MAC

● Mr. MACK. Mr. President, I am pleased to commemorate the 25th anniversary of what can only be described as a truly outstanding congressional success story. On July 24, 1970, Congress took a bold and innovative approach to helping millions of families across this Nation achieve the American dream of home ownership by creating the Federal Home Loan Mortgage Corporation, better known as Freddie Mac.

Freddie Mac was created to address fundamental problems in our mortgage

markets which prevented middle-class working families from getting the credit essential to buying a home. There was a housing crisis in 1969 and 1970 created when the economy was facing both high inflation and escalating interest rates. Despite a high demand for new houses, the combination of higher inflation and escalating interest rates was choking off credit for home building. Rising housing costs were pushing home ownership out of reach for hard-working American families.

Inflation also forced many depositors to withdraw their savings from depository institutions in search of higher returns. Savings and loans—the country's major source of mortgage loans—were forced to reduce their mortgage lending activities.

The housing crisis was also caused by a geological mismatch in supply and demand for housing funds. Since deposits in savings and loans were the primary source of mortgage money, faster-growing areas of the Nation faced shortages in mortgage credit, while slower-growing regions experienced excess supplies.

Reliance on savings and loans for mortgage credit highlighted an inherent weakness in the housing finance market. Due to the illiquidity of the traditional mortgage instrument, there was no way to tap funds available in our Nation's capital markets. If mortgages were converted into securities, a major source of funds could be channeled to meet the needs of new home owners.

Twenty-five years ago, Congress concluded that the best way to ensure a continuous and reliable source of mortgage credit was to develop an efficient and liquid nationwide secondary mortgage market. The Freddie Mac Act, as it became known, established a company solely dedicated to fulfilling this mission.

Mr. President, Freddie Mac has worked hard to fulfill that mission every day for the past 25 years. Over that time, Freddie Mac has purchased over $1.2 trillion in mortgage loans helping 16 million families by financing 1 in every 6 American homes. By every measure, Freddie Mac is a great success. I am sure that my colleagues in Congress and the American people join me in expressing our appreciation and congratulations to Freddie Mac on its 25th anniversary.●

## TRIBUTE TO KENNETH BICK

● Mr. FEINGOLD. Mr. President, I pay tribute today to Kenneth Bick, the former principal of Janesville Craig High School and a man who represented the values and character of that community.

Mr. Bick, who served the Janesville schools for 40 years, from 1929 to 1969, passed away Monday, August 7, at the age of 91 from complications arising from a head injury suffered in an automobile accident last month.

Mr. President, I am one of thousands of men and women who mourn his passing. Mr. Bick was a strand who found his way through every part of the fabric of the community where he and I both grew up. In addition to serving as teacher and principal in the Janesville schools, he was active in numerous community organizations, from the YMCA to the Sportsmen's Club to the Rotary.

He helped lead bond drives during World War II. In the 1960's, he headed Janesville's fundraising drive for the United Negro College Fund. He presided over Industries International, a corporation organized to promote contacts between foreign students studying in the United States and American industries interested in establishing a presence overseas. A basketball player in his younger days, was active in the Wisconsin Interscholastic Athletic Association and the Big Eight Conference.

As an educator, he would not allow himself to grow distant from his students; he was happy to lead cheers at the homecoming rally, dressed in bright red longjohns. If one of his charges, even years after graduation, was mentioned in a newspaper, any newspaper, sooner or later the clip would show up in the mailbox, with a congratulatory note from Mr. Bick.

Along the way, he collected allocades from several quarters, and the Kenneth Bick Scholarship Fund was established in 1984. He also collected the respect and affection of his entire community, even as its members spread across the country.

In many ways, Mr. President, Mr. Bick defined the idea of community in Janesville.

He was kind, funny, attentive and he never forgot you. When he thought it necessary, he herded you back into line if you strayed. He lived as well as taught the values and ideals I associate with my hometown.

Like a lot of people, I will always recall Ken Bick leading those homecoming rallies, a sexagenarian in red longjohns. Like a lot of people, I counted Ken Bick among my friends long after he was my principal at Janesville Craig. Like a lot of people, I will miss him sorely.●

## AFFIRMATIVE ACTION

● Mr. ABRAHAM. Mr. President, I call my colleagues' attention to an important addition to the debate concerning preferential policies in America. Former Secretary of Housing and Urban Development Jack Kemp recently published in the Washington Post an article that I believe goes to the heart of our troubles with affirmative action. Mr. Kemp first notes that affirmative action based on racial quotas and racial preferences is "wrong in principle and ruinous in practice." He goes on to issue a call for policymakers to come forward with truly positive proposals—affirmative efforts—to replace it. Mr. Kemp has spent his public career valiantly fighting for an opportunity society. In this article, he continues that fight, arguing for school vouchers, tax and regulatory reforms, and other programs aimed at giving every American the chance to work for a decent education and a decent job in our free market economy.

Mr. President, I commend Secretary Kemp's article to all our colleagues. In conjunction with Senator LIEBERMAN, I will be presenting legislation in a few weeks aimed at furthering the cause of equal opportunity. By reducing taxes and regulations, particularly in distressed areas denoted enterprise zones, this bill will encourage economic opportunity. By providing for school choice in these same areas it will promote educational opportunities. In sum, it is an attempt to make the opportunity society a reality, particularly for America's inner cities and other distressed areas.

I request that the following be entered into the RECORD:

[From the Washington Post, Aug. 6, 1995]

AFFIRMATIVE ACTION: THE "RADICAL REPUBLICAN" EXAMPLE

(By Jack Kemp)

The scene is Washington: a Republican President, new to the White House, defiantly throwing down the gauntlet to a Republican Congress, saying he will veto any bill that proposes to do more for "black Americans" than for "whites." This is not some fast-forward vision of 1997 and the first days of a new Republican White House. It's a flashback to 1866. The agency to be vetoed was the Freedman's Bureau, established in President Lincoln's administration to "affirmatively" assist the recently emancipated African Americans. The president—Andrew Johnson, Lincoln's successor—worried that any "affirmative action" would hurt the white population by specifically helping "Negroes."

I offer this page from history not to prove once again that politically, there is not much new under the sun but to illustrate that the issues of race and equality are woven into the essence of our American experience. While our present-day passions on the subject of affirmative action open old wounds, they also summon us to moral leadership of Lincolnesque proportions.

Thus far the summons goes unanswered by both liberals and conservatives alike. The unreconstructed liberal notion of endless racial reparations and race-based preferences is doubly guilty: wrong in principle and ruinous in practice. President Clinton's much-vaunted affirmative action review produced more of a bumper sticker than a policy; Clinton's focus-group-fashioned "mend it, not end it" slogan makes a far better rhyme than reason.

The same, however, is true of the new affirmative action "abolitionist" position, which heralds equality but seldom addresses the way to truly give all people an equal footing. Critics are right in asserting that "affirmative action" quotas have contributed to the poisoning of race relations in this country. But critics must offer much more than just opposition and reproach. We know what they are against, but what are they for?

"A colorblind society," comes their response. Of course, the goal of equal opportunity is paramount and a worthy destiny to seek. But to say that we have arrived at that

goal is simply not true. My friends on the right call for a colorblind society and then quote Martin Luther King's inspirational ''I have a dream'' speech, in which he imagined a nation in which every American would be judged not on the color of his or her skin but on the ''content of his character.'' All too often, though, they neglect to quote the end of his speech, where he describes the painful plight of minority America: ''The Negro,'' King said, ''lives on a lonely island of poverty in the midst of a vast ocean of material prosperity.''

Much has changed in the 30 years since King stood on the steps of the Lincoln Memorial. Minority enterprises have begun to gain a foothold, although there are far too few of them. But can anyone venture to the crumbling brick and mortar of Cabrini Green Public Housing, or the fear-ridden projects of Bed-Stuy or the streets lined with the unemployed in South Central LA or East St. Louis and believe that what he sees there today would pass as progress since Dr. King's day?

This is not to negate the gains made by so many in the black and minority communities. But for large numbers the situation has not only not improved in 30 years, it has grown dramatically worse—with a welfare system that entraps rather than empowers, punishes work and marriage and prevents access to capital, credit and property.

Reality requires that we admit two things—difficult admissions for both liberals and conservatives. First, that a race conscious policy of quotas and rigid preferences has helped make matters worse. Second, and more important, the Good Shepherd reminds all of us that our work is not done, and as we think about moving into the 21st century, we must not leave anyone behind.

Sound policy begins with strong principles. Affirmative action based on quotas is wrong—wrong because it is antithetical to the genius of the American idea: individual liberty. Counting by race in order to remedy past wrongs or rewarding special groups by taking from others perpetuates and even deepens the divisions between us. But race-based politics is even more wrong and must be repudiated by men and women of civility and compassion.

Instead, like the ''radical Republicans'' of Lincoln's day, who overrode President Johnson's veto on the Freedman's Bureau, we would honor the past by creating a future more in keeping with our revolutionary founding ideals of equality. In this way, the eventual ending of affirmative action is only a beginning—the political predicate of a new promise of outreach in the name of greater opportunity for access to capital, credit, prosperity, jobs and educational choice for all.

The time has definitely come for a new approach an ''affirmative action'' based not just on gender or race or ethnicity but ultimately based on need. ''Affirmative'' because government authority must be employed to remove the obstacles to upward mobility and human advancement. ''Action'' because democratic societies must act positively and create real equality of opportunity—without promising equality of reward.

Affirmative opportunity in America begins with education, America's schools, particularly our urban public schools, are depriving minority and low-income children of the education that may be their passport out of poverty. Even the poorest parent must have the option more affluent families enjoy; the right to send their children to the school of their choice. Affirmative effort means ending the educational monopoly that makes poor public school students into pawns of the educational bureaucracy. And we should be paving the way to a voucher and magnet school system of public and private school choice.

Opportunity means an entryway into the job market. That mean removing barriers for job creation and entrepreneurship and expanding access to capital and credit. According to the Wall Street Journal, from 1982 to 1987, the number of black-owned firms increased by nearly 38 percent, about triple the overall business growth rate during that period. Hispanic-owned businesses soared by 57 percent, and their sales nearly tripled.

Even so, of the 14 million small businesses in existence across the United States today, fewer than 2 percent are black-owned. And of $27 to $28 trillion of capital in this country, less than one percent is in black ownership. Affirmative effort would take aim at expanding capital and credit as the lifeblood of business formation and job creation—including an aggressive effort to end the red-lining of our inner cities and a radical redesign of our tax code to remove barriers to broader ownership of capital, savings and credit.

Opportunity means the ability to accumulate property. Affirmative effort would mean an end to every federal program that penalizes the poor for managing to save and accumulate their own assets. An AFDC mother's thrift and foresight in putting money away for a child's future should not be penalized by the government welfare system as fraud as is currently the case.

Finally, real opportunity for racial and ethnic reconciliation requires an expanding economy—one that invites the effort and enterprise of all Americans, including minorities and women. A real pro-growth policy must include policies ranging from enterprise zones in our cities to a commitment to lowering barriers to global trade. It should also offer relief from red tape and regulation and freedom from punitive tax policies. Each is part of an affirmative action that can ''move America forward without leaving anyone behind.''

Now that we have opened a somewhat hysterical dialogue on affirmative action, we can never go back—only forward. Our challenge is to put aside the past—abandon the endless round of recrimination and a politics that feeds on division, exclusion, anger and envy. We must reaffirm, as Lincoln did at his moment of maximum crisis, a vision of the ''better angels of our nature,'' a big-hearted view of the nation we were always meant to become and must become if we are to enter the 21st century as the model of liberal democracy and market-oriented capitalism the world needs to see.●

## MARITIME SECURITY ACT

● Ms. MIKULSKI. Mr. President, I rise as an original cosponsor and strong supporter of the Maritime Security Act of 1995. Mr. President, I support this legislation because I believe we need a strong U.S. merchant fleet for our military security and our economic competitiveness.

This legislation creates a Maritime Security Program to retain an active, privately owned U.S.-flag and U.S.-crewed vessel presence in our Nation's foreign commerce and military security.

In times of national emergency, there is no substitute for a strong U.S. merchant fleet. A number of times during the gulf war, foreign-flag ships refused to sail into the war zone. That never happened with a U.S.-flag ship. Our civilian merchant mariners have always been there for us in a national crisis. They have been patriots—reliable, consistent, and faithful. Without Americans manning the supply ships, we cannot guarantee that the U.S. military will be able to do its job.

Without some form of Government action, the United States will be forced to be almost totally reliant on foreign-flag vessels for international transportation and military sealift. Some say it is OK to rely on the good will of foreigners. But if we put our military materials under a foreign flag, then they would have command over the supplies necessary to back our troops.

We also need a U.S.-flag merchant marine to preserve our historic presence as a global economic power moving goods on the high seas. Most of all, we need American men and women to run those ships. This legislation is the most cost-effective way of guaranteeing that the merchant marine is there when we need it.

It is no secret that threats to national security are increasingly waged in the economic sphere. We are constantly hearing of predatory practices, dumping, and poaching. Without a U.S. presence on the high seas, who is to say that U.S. goods would not be victimized by foreign shipping companies loyal to the commercial interests in their own countries. Higher rates? Slower delivery? I think it is possible.

Finally, I believe in public sector-private sector cooperation to encourage Government savings. This program gives a lot of bang for a buck. It provides a service to the Department of Defense for less than if they did it in house. It also guarantees a loyalty that would not be there if they went foreign.

Mr. President, this legislation is smart, it is strategic, and it makes sense. I wholeheartedly endorse this bill and I stand by our merchant mariners who never gave up the ship.●

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, are we in morning business?

The PRESIDING OFFICER. We are.

## THE 2–YEAR ANNIVERSARY OF THE LARGEST TAX INCREASE IN AMERICAN HISTORY

Mr. DOLE. Mr. President, I had intended to make this statement yesterday. We were so busy until about 11:30 last night that I did not have the opportunity. But I did not want the 2-year anniversary of the largest tax increase in American history to go by unnoticed. That 2-year anniversary was August 10. That is the date that the largest tax increase in history was signed into law by President Clinton. The increase had been passed over the ''no'' votes of every Republican in the House and Senate.

While they may be celebrating this anniversary down at the White House, a quick look at what occurred these past 2 years makes it clear that there

are not many other Americans who have reason to celebrate.

Let us begin with interest rates. The President assured us in 1993 that his tax hike would keep interest rates low. But the prime rate has grown from 6 percent in August, 1993, to 8.75 percent today, an increase of almost 50 percent. Treasury bills, 30-year bonds, and mortgage rates are all up. The bottom line is that Americans are paying more to buy a home, a car, and everything else they need to borrow money for.

The President said his tax hike would only hurt the so-called rich. The fact, however, is that average wages and salaries for all U.S. workers fell 2.3 percent from 1994 to 1995, the largest decline in 8 years.

In July 1993, just before the tax increase passed, 155,000 jobs were created. In July 1995, only 55,000 jobs were created—a 65 percent drop. Last month, factories actually cut 85,000 jobs, the largest drop in manufacturing jobs in more than 3 years.

I am sure all the working people who saw their wages drop or who lost a job are delighted to know that the President considered them to be rich.

Two years ago, the economy was chugging along at a healthy growth rate of 2.4 percent. In the second quarter of 1995, however, the economy grew by only 0.5 percent.

Wages are down. Job creation is down. Economic growth is down. And there is something else that has dropped since the tax increase, and that is the dollar. In the past 2 years, the dollar has dropped 13.2 percent against the Japanese yen and 17.8 percent against the German mark. This devaluation ultimately leads to a lower standard of living for all Americans.

Along with interest rates, there is another facet of the economy that is rising—the deficit. Under the President's first budget proposal, deficits are projected to increase from $175 billion in fiscal 1995 to $210 billion in 1996, and increase every year after that.

Mr. President, those are the facts. We can look back today and say that we were right. We were right to oppose the largest tax increase in the history of America. And 2 years from now, I believe we will be able to look back and say that this Congress was right to have done what we have done this year; we were right to set America on a path to a balanced budget; we were right to cut taxes for millions and millions of hard-working American families.

Mr. President, there could not be two more different bills than the President's big tax increase and our proposal which we hope will pass sometime this year for tax cuts, tax decreases.

So I think, after considering the impact the President's tax increase has had on the economy and on family incomes, the Republican budget cannot pass a moment too soon because it does contain significant tax relief for American working families.

## THE 50TH ANNIVERSARY OF THE END OF THE WAR IN THE PACIFIC

Mr. DOLE. Mr. President, next week America will commemorate the 50th anniversary of the end of the Second World War in the Pacific.

As we mark this anniversary, we should pay tribute and remember the over 3 million American airmen, soldiers, sailors, and Marines who served in the Pacific and Asian theaters from 1941 to 1945. General Douglas MacArthur described those who fought in the Pacific with these words:

> He plods and groans, sweats and toils. He growls and curses. And at the end, he dies, unknown, uncomplaining, with faith in his heart, and . . . a prayer for victory on his lips.

The story of the Pacific and Asian theaters is a story of courage. It is a story of places like Iwo Jima, Okinawa, Guadalcanal, where American soldiers fought in some of the most brutal battles of the war. Their heroism and their sacrifice will live forever in the annals of history.

Mr. President, this anniversary has also stirred some debate over the wisdom of President Truman's decision to use the atomic bomb to bring the war to a conclusion.

Some revisionist historians have suggested that Japan was so weak in 1945 an allied victory could have been achieved through a military invasion.

The best response to that assertion comes from our colleague, Senator MARK HATFIELD. Senator HATFIELD was one of the first Americans to visit Hiroshima in the days following Japan's surrender, and he saw the weapons that would have been used to repel American soldiers invading Japan.

Senator HATFIELD was scheduled to participate in such an invasion, and he has said that as he looked at the weapons, he had no doubt that he, like countless thousands of other Americans, would have been killed, wounded, or somehow injured.

Mr. President, the veterans of the war in the Pacific and all Americans can take pride in the fact that Japan is now one of America's most important allies. America did not enter the war seeking territory. We entered to defend democracy. And when the war was finished, we set about the work of rebuilding a free and Democratic Japan.

In short, Mr. President, at war's end, we looked to the future with hope, instead of the past with recrimination. And that, perhaps, is the great lesson of World War II and the great lesson of this century, that as long as America is engaged and as long as America provides the leadership, then the future for nearly everyone in the world will be filled with hope.

Mr. President, at this time I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the resolution.

Mr. DOLE. I send it up on behalf of myself and the Democratic leader.

The assistant legislative clerk read as follows:

> A resolution (S. Res 164) expressing the sense of the Senate that America's World War II veterans and their families are deserving of this Nation's respect and appreciation on the 50th anniversary of the end of the war in the Pacific.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DASCHLE. Mr. President, on August 14 we will mark the 50th anniversary of V–J Day, the end of the war in the Pacific. As much as the war in Europe, the American role in the Pacific war definitively created the modern-day role of the United States in the international community.

The attack without warning that Japan's military rulers launched against Pearl Harbor on December 7, 1941, had the effect, in the United States, of uniting Americans against the Axis Powers in the global conflict. The almost immediate declaration of war on the United States by the Nazi regime in Germany solidified that unity.

For the first time, Americans poured into recruiting centers to volunteer in the Armed Forces. From every city in the country, and every State in the Union, men—and many women—lined up to defend their Nation. The men and women of South Dakota, like those of all other States, did their share.

The war in the Pacific was a difficult conflict, unprecedented in human history. Never before had nations contended across such vast miles of open sea, over such small, scattered island groups. Until the development of carriers and air flight, a war like the Pacific war could not even be imagined.

Tragically enough, in our century, it came to pass, and at enormous cost in lives and treasure to all participants.

From the devastating loss of men and materiel at Pearl Harbor at the end of 1941, the United States struggled to regain momentum in the Pacific theater. The demands of the war in Europe competed with the needs of the men and women stranded on Pacific islands, and the whole weight of the Nation bent to the task of filling those needs.

It was not until the Battles of Midway and Coral Sea that the tide turned in the Pacific war. And it was not until after the use of the atomic weapon in Hiroshima and Nagasaki that Japan's military rulers were willing to concede and surrender.

The technology that gave mankind the power of the atom and ended the war in the Pacific has, understandably, overshadowed much of the history of the Pacific war. That is understandable, but it is unfortunate.

There are stories of heroism, bravery, courage in the face of incredible danger and sheer human endurance that deserve to be honored in our national memory.

Some of those stories are the stories of South Dakotans who served.

One South Dakotan, Joe Foss, returned to the United States to a successful career in politics, as State Governor and the first commissioner of the American Football League.

Joe Foss was a marine captain at age 28, in 1943. By then, he had won the Congressional Medal of Honor and the Distinguished Flying Cross. Captain Foss has the distinction of downing more enemy planes than any other combat pilot in the war. He equaled the record of the fabled Eddy Rickenbacker of World War I, with 26 kills, 23 of them during a grueling 34-day-long test of endurance in the sky over Guadalcanal.

In an interview, many years after the war, Joe Foss described a mission on which he was sent as a decoy against a Japanese battleship off Savo Island, with the goal of engaging the big ship's guns so that a second wave of torpedo bombers could have a clear path to come over and drop their armaments to sink the ship.

He talked about aiming the nose of his Grumman Wildcat almost directly down at the ship's smokestacks, knowing that an airplane at 12 o'clock makes the hardest target, but knowing, as well, that the moment a plane changes angles to pull out of a dive leaves it entirely vulnerable.

Twice, during dogfights, he found himself on a collision course with Japanese Zeros, heading directly into the Zeros' propellers, knowing that the first pilot who peeled away would expose his plane's underside to machine-gun fire. He never turned, and those two Zeros were among his kills.

Joe Foss earned the Congressional Medal of Honor for conspicuous bravery in the face of the enemy, and his fellow South Dakotans rewarded him later by electing him Governor of the State. His story echoes many of those of others from South Dakota who served in the Pacific theater.

Another South Dakotan who distinguished himself in the Pacific theater is Philip LeBlanc. He was one of many Native American Code Talkers. The Lakota-speakers of South Dakota and other States were formed into teams, who were dropped on isolated Pacific Islands and instructed to radio back reports of enemy activity that to help guide strategy.

They were known as ''MacArthur's boys'' and had priority over the airwaves, because so many American lives depended on their reports of enemy strength, landings, and shipping.

Their unique contribution was the use of Lakota, the language of their birth, which defied all code-breaking efforts. Their unique war experience included the fact that they often felt they faced more danger from American troops, by mistake, than from Japanese. Left on isolated islands, equipped with camouflage gear and caps, not helmets, native Americans were often subjected to rigorous interrogation by European Americans questioning their status as American combat soldiers.

Philip LeBlanc served with the 302 Reconnaissance Team in the 1st Cavalry Division from 1942 to 1945 in the Pacific theater. He served his entire term of service in the field without a single furlough.

LeBlanc served in New Guinea, where it was impossible to dig foxholes because the intense rainforest climate created a groundwater table that was barely 5 inches below the surface. He had to be ferried to medical care by Filipinos when he came down with malaria in the middle of Japanese-held territory, and he was finally felled when he was hit riding atop an armored car in the last days of the campaign to retake the Philippines. He carries shrapnel in his hip and a bullet scar on his chest.

But much more proudly, he has the right to carry on his chest four Bronze Battle Stars, four major campaign medals, a Purple Heart, an Asiatic Pacific Campaign Medal, a Bronze Arrowhead and a Philippine Liberation Ribbon.

He is part of a proud and honorable tradition of native Americans who have served courageously and honorably in every U.S. conflict, from the Revolutionary War onward.

The outcome of the Second World War changed our world profoundly, with effects that still resonate today. It left the United States the sole undamaged world power. With that status came responsibilities that most Americans had not imagined at the outset. Victory also carried a price.

In the 50 post-war years, those responsibilities have demanded more in American treasure and lives than from any other participant. But by 1990, it is estimated that the total cost of the Second World War to the United States had reached $4.6 trillion—including the post-war cost of veterans health care and benefits. The cost of that care and those benefits is a cost of war, and should be recognized as such, lest we forget, decades later, the price of war in the form of our greatest treasure—our young men and women who served.

In total, more than 16 million American men and women served their Nation in World War II. More than 291,000 paid the ultimate price on the field of combat; 113,000 others died of wounds, accidents, illness—all the risks and dangers that attend service in wartime. All told, more than 405,000 American lives were cut short by the war.

Another 670,000 Americans were casualties in that war—men and women who returned with their health damaged, their bodies scarred, their lives changed.

Every State in the Nation sent men and women to the Second World War. South Dakota, one of the Nation's least populous States, sent an estimated 60,000 men and women to fight. A post-war review in 1950 estimated that more than 10 percent of the South Dakotans who served earned citations for personal bravery, military valor and, in three cases, the highest military honor our Nation grants, the award for service ''above and beyond the call of duty,'' the Congressional Medal of Honor.

We should honor those who fought for our Nation in the Pacific theater. But we should not allow the distance of time to let us forget that they served at incredible cost to their lives, their health, their well-being and, too often, their futures.

The Second World War is often sentimentally called the last good war. I understand what people mean by the term.

But for those who saw active duty—who saw friends and buddies die, who felt the sheer brutality of heavy artillery attack or the random terror of combat on unknown, rough terrain against a well-trained and ruthless opponent, who faced years of imprisonment in sometimes barbaric conditions, the men who endured the death march of the Kokoda Trail, the tortures of jungle imprisonment—there was no ''good'' war. There was a job to be done, often at a price that scarred their lives for decades afterward.

In victory, America has been magnanimous and generous to her former enemies. That is as it should be. Our ideals command no less. But in retrospect, let us not forget the terrible price that our own people paid for our victory. Let us not imagine that the historic graciousness of our Nation toward the conquered was something bought without pain and tears and terrible suffering.

Victory is a fine accomplishment. But its price is often beyond counting. Its price should never be forgotten.

Today, I hope Americans across the country will pause to consider the price of our victory, for those who served, those who died, those who suffered. We owe them a debt of remembrance, along with a debt of gratitude for their sacrifice.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution (S. Res. 164) with its preamble is as follows:

Whereas on August 14, 1945 the Japanese government accepted the Allied terms of surrender;

Whereas the formal documents of surrender were signed on September 2, 1945, thereby ending World War II;

Whereas 50 years have now passed since those events;

Whereas, the courage and sacrifice of the American fighting men and women who served with distinction in the Pacific and Asian theaters should always be remembered: Now, therefore, be it

*Resolved,* the United States Senate joins with a grateful nation in expressing our respect and appreciation to the men and women who served in World War II, and their families. Further, we remember and pay tribute to those Americans who made the ultimate sacrifice and gave their life for their country.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. GRAMS). The Chair, in his capacity as a Senator from Minnesota, asks unanimous consent that the order for the quorum call be rescinded.

Without objection, it is so ordered.

## RECESS

The PRESIDING OFFICER. Without objection, the Senate stands in recess until 3 p.m.

There being no objection, the Senate, at 2:11 p.m., recessed until 3:01 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. FRIST).

The PRESIDING OFFICER. The Chair in his capacity as a Senator from Tennessee suggests the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

## KEEP THE TAX CUT PROMISE

Mr. ROTH. Mr. President, a major purpose of government is to provide an environment for economic growth—one in which jobs and opportunity bring security to our families and communities. History has shown us the blueprint for such an environment: low taxes. Treasury Secretary, Andrew Mellon slashed taxes 25 percent, ushering America into the roaring '20s. John Kennedy's tax cuts in the '60s created the longest peacetime economic expansion in history—that is up until President Reagan embraced Kemp-Roth in the 1980's.

The result of Kemp-Roth, as my friend, Jack Kemp, recalls, was ''18 million new jobs and more than 4 million new businesses, an entrepreneurial boom unmatched in the 20th century.''

This is what history teaches. But as they say, that was then, and this is now. One after another, Americans have suffered tax increases—each with the promise that it would eliminate the deficit. President Bush broke his pledge of ''no new taxes,'' cooperated in a budget summit, signed the largest tax increase in history at that time, and lost his reelection because of it.

Then President Clinton, two years ago yesterday, signed his tax increase, which still earns the distinction as the largest in history. And now there is renewed talk of reneging on the $245 billion tax cut promised in the budget resolution that passed this spring.

The irony, Mr. President, is that the tax cuts—whether they were the Mellon cuts, the Kennedy cuts, or Kemp-Roth—always produced windfalls for the Federal Treasury. As one well-respected economist pointed out, ''the Federal Government received hundreds of billions more tax dollars annually during the Reagan administration than ever before.

That is because the gross national product grew by nearly 80 percent over the 8 years when Ronald Reagan was President. Uncle Sam's cut was a slightly lower percentage, but the pie itself was much bigger. That was the whole point of supply-side economics. Then why is the national debt now at an all-time high, measured in trillions of dollars, instead of mere billions as before? Because Congress spent even more hundreds of billions than the massive new tax receipts pouring into Washington. Without spending restraints, no amount of new taxes will ever balance the budget.''

And for those who believe cutting taxes only benefited the wealthy. Let the facts speak for themselves: In 1990, following Kemp-Roth, the wealthiest 5 percent of tax payers paid 43 percent of all taxes. In 1981, before the tax cuts, the wealthiest 5 percent was paying 36.4 percent.

You see, Mr. President, there is nothing inconsistent with our objective to cut taxes and to balance the budget. Americans want a balanced budget. The United States has not had a balanced budget since 1969. And Americans know that you cannot go year to year spending more than you take in.

They cannot do it with their checkbooks. And they believe Congress should not be able to do it, either. In fact, they feel so strongly about this issue that virtually every poll showed 70 percent to 80 percent of the country wanted the Balanced Budget Amendment approved and ratified by the States. Unfortunately, that was prevented from happening by roughly the same group of Senators who are now taking aim against our proposed $245 billion tax cut.

These are—give or take a few—the same men and women who, 2 years ago, supported President Clinton in a historic tax increase. And where has that increase gotten us? The President said his increase would keep interest rates low. Today the prime rate is 2.75 percent higher than it was last year at this time. Treasury Bills, 30-year bonds and mortgage rates * * * they are all up. Beyond this, average wages and salaries for U.S. workers have fallen 2.3 percent from 1994 to 1995, the largest decline in 8 years, Fewer jobs are being created, economic growth has come to a standstill, and the dollar is down.

This is where we are, Mr. President, and now the same people who brought you these statistics—the same people who voted against the American people on the balanced budget—are trying to kill a tax cut for the middle class—a tax cut that will offset President Clinton's record setting increase.

The tax proposal they are trying to kill is positive and important for economic growth. Thirty-five million families, raising 52 million children, will pay lower taxes. Seventy-four percent of these families have incomes below $75,000.

Families with children and incomes of less than $25,000 will pay no income tax at all. And the fact is, that 70 percent of all taxpayers who will benefit from the capital gains tax cut in our plan have incomes of less than $50,000.

Mr. President, this is how we bring America back. And it should be a bipartisan effort. Mellon, Kennedy, Reagan—no one party has a monopoly on the key to economic growth. I believe we can work together. For this reason, I have been active in my efforts to restore the power of the individual retirement account.

Toward this end, I have worked with former Senator Lloyd Bentsen and am now working with Senator JOHN BREAUX. In my efforts to reduce the threat of estate taxes on family-owned farms and businesses, Senator PRYOR and others have joined with Senator DOLE, me and Members on this side of the aisle.

The magnitude and importance of the objective before us requires no less than our willing and cooperative effort. The American people deserve no less. They have paid too much in taxes. Promises to reduce the deficit have not been kept.

Spending has continued to soar and government has grown overbearing and inefficient. We have proposed the first balanced budget in 26 years. The $245 billion tax cuts are completely paid for. Let us now work together to see these initiatives passed. In the strong economies and Treasury windfalls that came about from tax cuts in years gone by, we see our future. And working together, I believe we can achieve it.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

## HORROR IN THE NATION'S CAPITAL

Mr. DOLE. Mr. President, too often today, when we read and hear about the unspeakable violence that occurs on the streets of our country, we simply shrug it off as the price we pay for living in a free society. In a very real sense, we have begun to tolerate the intolerable.

This past weekend, however, a crime occurred just several city blocks from this building that, I believe, would send shivers down the spine of even the most jaded observer.

Three employees of a nearby McDonald's restaurant—18-year-old Marvin Peay, Jr.; 23-year-old Kevin Workman; and a 49-year-old grandmother named Lilian Jackson—were all shot dead while working the late shift. One of

their co-workers was fortunately spared.

Here is how the Washington Post described this brutal crime:

> Because Kenneth Joel Marshall was a trusted co-worker, the four men and women working the closing shift at the McDonald's on the eastern edge of Capitol Hill opened the door for him when he showed up shortly before 2 a.m. * * * Minutes later, police said, Marshall pulled a gun, forced the manager to open a safe, herded his co-workers into a basement freezer and pumped bullets into the heads of three of them, a woman and two men. Bent on leaving no witnesses, police said, he turned to the fourth worker, a woman. Twice, he allegedly aimed his gun at her head and squeezed the trigger. Twice, the gun clicked but did not fire.

Apparently, the person who committed this unspeakably evil act fled the crime scene. He was subsequently arrested by the D.C. police department. According to newspaper accounts, the killer also had a prior criminal record, having been arrested by the D.C. police at least seven times since 1987 on both drug and weapons charges.

Mr. President, it is, of course, impossible to make any sense out of such senselessness.

I simply want to take this opportunity to express my own outrage at what has befallen three of our citizens—citizens of the Nation's Capital—and I know I speak for all my colleagues in the Senate when I extend our prayers and heartfelt sympathies to the families of the victims.

Mr. DOLE. Mr. President, all too often in our political discourse, we concentrate on the differences separating the two parties, rather than emphasizing those areas on which there is agreement or at least the potential for agreement.

Last week, the Democratic leadership council—through its think tank, the progressive policy institute—issued an important paper outlining its views on affirmative action. Although I do not agree with every point made in this paper, it does suggest that there is ample room for Republicans and open-minded Democrats to forge a new consensus on the meaning of equal opportunity.

I have three observations about the DLC paper that I would like to share now with my Senate colleagues.

One. The paper calls for the ''phase-out'' of mandatory preferences in contract set-asides, public jobs, and hiring by private firms that do business with the Government on the grounds that these preferences ''put Government in the business of institutionalizing racial distinctions.'' The DLC says that these distinctions are ''hardly a good idea for a democracy held together by common civic deals that transcend group identity.''

This position is very similar, if not identical, to the principle underlying the Equal Opportunity Act of 1995, which I introduced late last month with Congressman CHARLES CANADY of Florida and more than 80 other Congressional Republicans. The Equal Opportunity Act would prohibit the Federal Government from granting preferences to anyone on the basis of race or gender in three key areas: Federal employment, Federal contracting, and federally conducted programs.

The DLC apparently supports this proposition, but wants a gradual phase-in of any ban on group preferences, not their immediate elimination.

In other words, our difference is one of timing, not one of principle.

It is my hope, however, that the DLC will come to understand that if discrimination is wrong, it is wrong today as well as tomorrow, and ought to be ended immediately.

In fact, the DLC goes much further than the Equal Opportunity Act by calling for the outright repeal of ''Lyndon Johnson's 1965 Executive order requiring Federal contractors to adopt minority hiring goals and timetables.'' In its paper, the DLC argues that these guidelines ''encourage employers to hire women and minorities on a rigidly proportional basis,'' a statement that is directly at odds with President Clinton's own affirmative action review.

In my view, it is appropriate for the Federal Government to require Federal contractors not to discriminate in employment. That was the original purpose of Executive Order 11246. Unfortunately, bureaucratic implementation of the Executive order has converted it from a program aimed at eliminating discrimination to one that relies on it in the form of preferences.

Our first priority should be to restore the original meaning and purpose of the Executive order, not to repeal it, as the DLC has suggested.

Second, the DLC argues that we need to replace Government preferences for groups with new public policies that empower individuals to get ahead regardless of race, gender, or ethnicity. The DLC argues that an empowerment agenda is critical to ''striking a new bargain on racial equality and opportunity.''

I happen to agree that we need to forge a new civil rights agenda for the 1990's, one rooted in policies that are relevant to the needs and challenges of our time. I do so, however, not as part of a bargain, as if one should be defensive about opposing discrimination in the form of preferences.

I support a new civil rights agenda simply because making Government policy by race is not only wrong, but a diversion from reality, an easy excuse to ignore the very serious problems that affect all Americans, whatever their race, or heritage, or gender may be.

Nearly 30 percent of our children are born out of wedlock. Only one-third of our high school graduates are proficient readers. And children routinely kill other children.

These are the realities of our time, and this is where our focus should be.

That is why Congressman J.C. WATTS and I recently took the step of offering a blueprint for a new civil rights agenda. This agenda includes: strengthening the family by reforming a corrupt welfare system that has substituted Government dependence for personal independence; investing crime-fighting resources in our inner-city communities and ensuring that those who commit violent crimes stay behind bars where they belong; giving low-income parents the opportunity to choose the school, public or private, that they consider most desirable for their children; removing regulatory barriers to opportunity; and, or course, enforcing the anti-discrimination laws that are already on the books.

Finally, the DLC has joined me and other Republicans in taking issue with the Clinton administration's position in the Piscataway case. In this case, the Justice Department has turned the principle of equal opportunity on its head by arguing that a school district may legally fire a teacher, solely because of her race, in order to maintain workforce diversity. The DLC is correct to point out that the Justice Department's position, taken to its logical extreme, would ''sever the increasingly tenuous link between race-conscious remedies and specific acts of discrimination and wipe out the distinction between preferences and quotas.''

Mr. President, I welcome the DLC's contribution to this debate. We may not agree on every point and on every issue, but we both agree that the group-preference status quo is no longer tenable.

Race should not be a wedge issue. If we keep our voices low and our intentions good, I am convinced that this long-overdue debate can, in fact, serve as a catalyst to unite the American people, not divide us.

## 1995 FARM BILL

Mr. DOLE. Mr. President, when Congress reconvenes in September, the race to write the 1995 farm bill will hit full stride. This year marks the ninth farm bill that I have been involved in.

Historically, agriculture stands at a crossroads every 5 years when Congress decides what direction it should go. This year, I believe there is agreement in this Chamber about which path to take. However, I would be remiss if I did not mention that there is significant disagreement about how best to get there.

When Senators return home over the next few weeks, they will hear from their rural constituents the need for an aggressive farm policy. No doubt, the American people will provide their Senators with practical suggestions regarding the farm policy choices now before Congress.

When we return in September, we will face several choices on farm policy. Three that come to mind are stay the course, reduction in support, and freedom to farm. Each choice has advantages; each choice has disadvantages.

The stay-the-course plan is piloted by my good friend from Mississippi Senator COCHRAN, who approaches the farm bill with the conviction that our work in 1985 was sound and that we should continue with this course while making changes necessary to balance the budget.

The reduction-in-support strategy was outlined by Chairman LUGAR early in the debate, and combines a reduction in target prices with the call for planting flexibility and elimination of set-asides—two points that are a priority in Kansas and much of the Midwest.

The freedom-to-farm concept is endorsed by my good friend and colleague Representative PAT ROBERTS. In typical Kansas fashion, he has taken the bull by the horns. In the Roberts freedom-to-farm plan, budget balancing is done with a cap on farm spending which guarantees farmers less income support but is coupled with full planting flexibility and regulatory relief.

I urge all Senators to take advantage of the August recess and reconnect with the concerns of rural Americans. Like many of my colleagues, I am still evaluating each of these approaches as well as other policy options. But I realize that we must reach agreement in September. In my view, there are certain guiding principles we must adhere to as we pursue that goal.

First, fiscal responsibility. We must achieve a balanced budget and do it in a manner that is fair and equitable to farmers. We have worked hard to balance the budget. The line-item veto was a first step toward that goal. A balanced budget amendment failed by just one vote. We hope we can pick up that vote in the next several months. In September, we will begin work on a plan to balance the Federal budget over the next 7 years. Farmers around the country remind me that they are taxpayers too. And as taxpayers, farmers want a balanced budget. All they ask is that spending cuts are fair and equitable. Everyone will take his or her fair share, whether it be food stamps or farm programs. And let me add that there will be equity in commodity program spending reductions and policy changes. The AG community will face its fair share of spending reductions as we move to fully implement a balanced budget.

Second, unleash our productive capacity. We must allow farmers to decide what and how much to plant each year. Planting restrictions and idling acreage based on budget mandates instead of supply management must end. Through the new markets and new opportunities opened by GATT and NAFTA, we must be able to meet demand. The farm policy that drives the U.S. into the 21st century should not be based on the supply management concepts of the 1930's. A framer's business decisions should not be based on Government policy, but instead on market signals, agronomic practices and personal choice.

Third, simplicity. Farm programs and environmental regulations should be simpler and more sensible. They should reflect a basic respect for private property rights and the work ethic of the family farmer. For several years now, as I traveled through Kansas and throughout the country, farmers have been telling me the same thing—keep it simple. All farm programs—and especially all regulations—must be simpler and less intrusive. Our efforts to provide regulatory relief for rural America have been blocked by those on the other side of the aisle. I hope that when my colleagues return to their States in August, they will listen to their constituents' pleas to rein in the Federal Government.

American agriculture does not operate in a vacuum. Rural Americans share the Republican conviction that Congress must balance the budget, and that we must provide tax relief, regulatory relief and health care reform. Rural Americans realize that there are important policies outside the farm bill that greatly affect their bottom lines. Mr. President, we are actively working to provide the needed relief that rural America is asking for. And we will not stop. The reconciliation debate in September will focus national attention on issues vital to rural America. This is our opportunity to make real progress.

When it comes to policy for rural America, I can not help but be reminded of the peanuts cartoon, where Lucy pulls the football away from Charlie Brown at the last minute.

Unfortunately, just like Charlie Brown, the American farmer keeps running at the ball and Congress keeps pulling it away. A workable policy for rural America is not achieved by taunting the American farmer. It is achieved by everyone—agriculture, Congress and USDA—playing together on the same team.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. There being no further morning business, morning business is closed.

## FAMILY SELF-SUFFICIENCY ACT

Mr. DOLE. I call for regular order with respect to the welfare bill.

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence, which had been reported from the Committee on Finance.

The Senate resumed consideration of the bill.

AMENDMENT NO. 2280, AS FURTHER MODIFIED

Mr. DOLE. I have a modification at the desk. I have a right to modify my amendment, and I ask that it be so modified.

The PRESIDING OFFICER. The amendment is so modified.

So the amendment (No. 2280), as modified, is as follows:

On page 1, line 3, of the bill, after ''SECTION 1.'', strike all through the end and insert the following:

**SHORT TITLE; TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the ''Work Opportunity Act of 1995''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Sec. 100. References to Social Security Act.
Sec. 101. Block grants to States.
Sec. 102. Services provided by charitable, religious, or private organizations.
Sec. 103. Limitations on use of funds for certain purposes.
Sec. 104. Continued application of current standards under medicaid program.
Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 106. Conforming amendments to the Social Security Act.
Sec. 107. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
Sec. 108. Conforming amendments to other laws.
Sec. 109. Study of effect of welfare reform on grandparents as primary caregivers.
Sec. 110. Disclosure of receipt of Federal funds.
Sec. 111. Secretarial submission of legislative proposal for technical and conforming amendments.
Sec. 112. Effective date; transition rule.

TITLE II—SUPPLEMENTAL SECURITY INCOME

Subtitle A—Eligibility Restrictions

Sec. 201. Denial of supplemental security income benefits by reason of disability to drug addicts and alcoholics.
Sec. 202. Limited eligibility of noncitizens for SSI benefits.
Sec. 203. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
Sec. 204. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 205. Effective dates; application to current recipients.

Subtitle B—Benefits for Disabled Children

Sec. 211. Definition and eligibility rules.
Sec. 212. Eligibility redeterminations and continuing disability reviews.
Sec. 213. Additional accountability requirements.

Subtitle C—Studies Regarding Supplemental Security Income Program

Sec. 221. Annual report on the supplemental security income program.

Sec. 222. Improvements to disability evaluation.
Sec. 223. Study of disability determination process.
Sec. 224. Study by General Accounting Office.

Subtitle D—National Commission on the Future of Disability

Sec. 231. Establishment.
Sec. 232. Duties of the Commission.
Sec. 233. Membership.
Sec. 234. Staff and support services.
Sec. 235. Powers of Commission.
Sec. 236. Reports.
Sec. 237. Termination.

Subtitle E—State Supplementation Programs

Sec. 241. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

TITLE III—FOOD STAMP PROGRAM

Subtitle A—Food Stamp Reform

Sec. 301. Certification period.
Sec. 302. Treatment of children living at home.
Sec. 303. Optional additional criteria for separate household determinations.
Sec. 304. Adjustment of thrifty food plan.
Sec. 305. Definition of homeless individual.
Sec. 306. State options in regulations.
Sec. 307. Earnings of students.
Sec. 308. Energy assistance.
Sec. 309. Deductions from income.
Sec. 310. Amount of vehicle asset limitation.
Sec. 311. Benefits for aliens.
Sec. 312. Disqualification.
Sec. 313. Caretaker exemption.
Sec. 314. Employment and training.
Sec. 315. Comparable treatment for disqualification.
Sec. 316. Cooperation with child support agencies.
Sec. 317. Disqualification for child support arrears.
Sec. 318. Permanent disqualification for participating in 2 or more States.
Sec. 319. Work requirement.
Sec. 320. Electronic benefit transfers.
Sec. 321. Minimum benefit.
Sec. 322. Benefits on recertification.
Sec. 323. Optional combined allotment for expedited households.
Sec. 324. Failure to comply with other welfare and public assistance programs.
Sec. 325. Allotments for households residing in institutions.
Sec. 326. Operation of food stamp offices.
Sec. 327. State employee and training standards.
Sec. 328. Exchange of law enforcement information.
Sec. 329. Expedited coupon service.
Sec. 330. Fair hearings.
Sec. 331. Income and eligibility verification system.
Sec. 332. Collection of overissuances.
Sec. 333. Termination of Federal match for optional information activities.
Sec. 334. Standards for administration.
Sec. 335. Work supplementation or support program.
Sec. 336. Waiver authority.
Sec. 337. Authorization of pilot projects.
Sec. 338. Response to waivers.
Sec. 339. Private sector employment initiatives.
Sec. 340. Reauthorization of appropriations.
Sec. 341. Reauthorization of Puerto Rico nutrition assistance program.
Sec. 342. Simplified food stamp program.
Sec. 343. Optional State food assistance block grant.
Sec. 344. Effective date.

Subtitle B—Anti-Fraud and Trafficking

Sec. 351. Expanded definition of coupon.
Sec. 352. Doubled penalties for violating food stamp program requirements.
Sec. 353. Authority to establish authorization periods.
Sec. 354. Specific period for prohibiting participation of stores based on lack of business integrity.
Sec. 355. Information for verifying eligibility for authorization.
Sec. 356. Waiting period for stores that initially fail to meet authorization criteria.
Sec. 357. Bases for suspensions and disqualifications.
Sec. 358. Disqualification of stores pending judicial and administrative review.
Sec. 359. Disqualification of retailers who are disqualified under the WIC program.
Sec. 360. Permanent debarment of retailers who intentionally submit falsified applications.
Sec. 361. Expanded criminal forfeiture for violations.
Sec. 362. Effective date.

TITLE IV—CHILD NUTRITION PROGRAMS

Subtitle A—Reimbursement Rates

Sec. 401. Termination of additional payment for lunches served in high free and reduced price participation schools.
Sec. 402. Value of food assistance.
Sec. 403. Lunches, breakfasts, and supplements.
Sec. 404. Summer food service program for children.
Sec. 405. Special milk program.
Sec. 406. Free and reduced price breakfasts.
Sec. 407. Conforming reimbursement for paid breakfasts and lunches.

Subtitle B—Grant Programs

Sec. 411. School breakfast startup grants.
Sec. 412. Nutrition education and training programs.
Sec. 413. Effective date.

Subtitle C—Other Amendments

Sec. 421. Free and reduced price policy statement.
Sec. 422. Summer food service program for children.
Sec. 423. Child and adult care food program.
Sec. 424. Reducing required reports to State agencies and schools.

Subtitle D—Reauthorization

Sec. 431. Commodity distribution program; commodity supplemental food program.
Sec. 432. Emergency food assistance program.
Sec. 433. Soup kitchens program.
Sec. 434. National commodity processing.
Sec. 435. Commodity supplemental food program.

TITLE V—NONCITIZENS

Sec. 501. State option to prohibit assistance for certain aliens.
Sec. 502. Deemed income requirement for Federal and federally funded programs.
Sec. 503. Requirements for sponsor's affidavit of support.
Sec. 504. Limited eligibility of noncitizens for SSI benefits.
Sec. 505. Treatment of noncitizens.

TITLE VI—CHILD CARE

Sec. 601. Short title.
Sec. 602. Amendments to the Child Care and Development Block Grant Act of 1990.
Sec. 603. Repeals and technical and conforming amendments.

TITLE VII—WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES

Subtitle A—General Provisions

Sec. 701. Short title.
Sec. 702. Findings and purposes.
Sec. 703. Definitions.

Subtitle B—Statewide Workforce Development Systems

CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES

Sec. 711. Statewide workforce development systems established.
Sec. 712. State allotments.
Sec. 713. State apportionment by activity.
Sec. 714. State plans.
Sec. 715. State workforce development boards.
Sec. 716. Use of funds.
Sec. 717. Indian workforce development activities.
Sec. 718. Grants to outlying areas.

CHAPTER 2—LOCAL PROVISIONS

Sec. 721. Local apportionment by activity.
Sec. 722. Distribution for secondary school vocational education.
Sec. 723. Distribution for postsecondary and adult vocational education.
Sec. 724. Distribution for adult education.
Sec. 725. Special rule for minimal allocation.
Sec. 726. Redistribution.
Sec. 727. Local application for workforce education activities.
Sec. 728. Local partnerships, agreements, and workforce development boards.
Sec. 729. Construction.

CHAPTER 3—ADMINISTRATION

Sec. 731. Accountability.
Sec. 732. Incentives and sanctions.
Sec. 733. Unemployment trust fund.
Sec. 734. Authorization of appropriations.
Sec. 735. Effective date.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

Sec. 741. Purposes.
Sec. 742. Definitions.
Sec. 743. Authority of Governor.

CHAPTER 2—JOB CORPS

Sec. 744. General authority.
Sec. 745. Screening and selection of applicants.
Sec. 746. Enrollment and assignment.
Sec. 747. Job Corps centers.
Sec. 748. Program activities.
Sec. 749. Support.
Sec. 750. Operating plan.
Sec. 751. Standards of conduct.
Sec. 752. Community participation.
Sec. 753. Counseling and placement.
Sec. 754. Leases and sales of centers.
Sec. 755. Closure of Job Corps centers.
Sec. 756. Interim operating plans for Job Corps centers.
Sec. 757. Effective date.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

Sec. 759. Workforce preparation activities for at-risk youth.

Subtitle D—Transition Provisions

Sec. 761. Waivers.
Sec. 762. Flexibility demonstration program.
Sec. 763. Interim State plans.
Sec. 764. Applications and plans under covered Acts.
Sec. 765. Interim administration of school-to-work programs.
Sec. 766. Interim authorizations of appropriations.

Subtitle E—National Activities

Sec. 771. Federal Partnership.

Sec. 772. National Workforce Development Board and personnel.
Sec. 773. Labor market information.
Sec. 774. National Center for Research in Education and Workforce Development.
Sec. 775. National assessment of vocational education programs.
Sec. 776. Transfers to Federal Partnership.
Sec. 777. Transfers to other Federal agencies and offices.
Sec. 778. Elimination of certain offices.
Subtitle F—Repeals of Employment and Training and Vocational and Adult Education Programs
Sec. 781. Repeals.
Sec. 782. Conforming amendments.
TITLE VIII—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES
Subtitle A—Amendments to the Rehabilitation Act of 1973
Sec. 801. References.
Sec. 802. Findings and purposes.
Sec. 803. Consolidated rehabilitation plan.
Sec. 804. Definitions.
Sec. 805. Administration.
Sec. 806. Reports.
Sec. 807. Evaluation.
Sec. 808. Declaration of policy.
Sec. 809. State plans.
Sec. 810. Individualized employment plans.
Sec. 811. Scope of vocational rehabilitation services.
Sec. 812. State Rehabilitation Advisory Council.
Sec. 813. Evaluation standards and performance indicators.
Sec. 814. Repeals.
Sec. 815. Effective date.
Subtitle B—Amendments to Immigration and Nationality Act
Sec. 821. Prohibition on use of funds for certain employment activities.
Subtitle C—Amendments to the National Literacy Act of 1991
Sec. 831. National Institute for Literacy.
Sec. 832. State literacy resource centers.
Sec. 833. National Workforce Literacy Assistance Collaborative.
Sec. 834. Family literacy public broadcasting program.
Sec. 835. Mandatory literacy program.
TITLE IX—CHILD SUPPORT
Sec. 900. Reference to Social Security Act.
Subtitle A—Eligibility for Services; Distribution of Payments
Sec. 901. State obligation to provide child support enforcement services.
Sec. 902. Distribution of child support collections.
Sec. 903. Rights to notification and hearings.
Sec. 904. Privacy safeguards.
Subtitle B—Locate and Case Tracking
Sec. 911. State case registry.
Sec. 912. Collection and disbursement of support payments.
Sec. 913. State directory of new hires.
Sec. 914. Amendments concerning income withholding.
Sec. 915. Locator information from interstate networks.
Sec. 916. Expansion of the Federal parent locator service.
Sec. 917. Collection and use of social security numbers for use in child support enforcement.
Subtitle C—Streamlining and Uniformity of Procedures
Sec. 921. Adoption of uniform State laws.
Sec. 922. Improvements to full faith and credit for child support orders.
Sec. 923. Administrative enforcement in interstate cases.
Sec. 924. Use of forms in interstate enforcement.
Sec. 925. State laws providing expedited procedures.
Subtitle D—Paternity Establishment
Sec. 931. State laws concerning paternity establishment.
Sec. 932. Outreach for voluntary paternity establishment.
Sec. 933. Cooperation by applicants for and recipients of temporary family assistance.
Subtitle E—Program Administration and Funding
Sec. 941. Performance-based incentives and penalties.
Sec. 942. Federal and State reviews and audits.
Sec. 943. Required reporting procedures.
Sec. 944. Automated data processing requirements.
Sec. 945. Technical assistance.
Sec. 946. Reports and data collection by the Secretary.
Subtitle F—Establishment and Modification of Support Orders
Sec. 951. National Child Support Guidelines Commission.
Sec. 952. Simplified process for review and adjustment of child support orders.
Sec. 953. Furnishing consumer reports for certain purposes relating to child support.
Sec. 954. Nonliability for depository institutions providing financial records to State child support enforcement agencies in child support cases.
Subtitle G—Enforcement of Support Orders
Sec. 961. Internal Revenue Service collection of arrearages.
Sec. 962. Authority to collect support from Federal employees.
Sec. 963. Enforcement of child support obligations of members of the armed forces.
Sec. 964. Voiding of fraudulent transfers.
Sec. 965. Work requirement for persons owing child support.
Sec. 966. Definition of support order.
Sec. 967. Reporting arrearages to credit bureaus.
Sec. 968. Liens.
Sec. 969. State law authorizing suspension of licenses.
Sec. 970. Denial of passports for nonpayment of child support.
Sec. 971. International child support enforcement.
Subtitle H—Medical Support
Sec. 975. Technical correction to ERISA definition of medical child support order.
Sec. 976. Enforcement of orders for health care coverage.
Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents
Sec. 981. Grants to States for access and visitation programs.
Subtitle J—Effect of Enactment
Sec. 991. Effective dates.
TITLE X—REFORM OF PUBLIC HOUSING
Sec. 1001. Ceiling rents.
Sec. 1002. Definition of adjusted income for public housing.
Sec. 1003. Failure to comply with other welfare and public assistance programs.
Sec. 1004. Applicability to Indian housing.
Sec. 1005. Implementation.
Sec. 1006. Effective date.
TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT
Sec. 1101. Short title.
Subtitle A—General Program
Sec. 1111. Reference.
Sec. 1112. Findings.
Sec. 1113. Office of Child Abuse and Neglect.
Sec. 1114. Advisory Board on Child Abuse and Neglect.
Sec. 1115. Repeal of interagency task force.
Sec. 1116. National Clearinghouse for Information Relating to Child Abuse.
Sec. 1117. Research, evaluation and assistance activities.
Sec. 1118. Grants for demonstration programs.
Sec. 1119. State grants for prevention and treatment programs.
Sec. 1120. Repeal.
Sec. 1121. Miscellaneous requirements.
Sec. 1122. Definitions.
Sec. 1123. Authorization of appropriations.
Sec. 1124. Rule of construction.
Sec. 1125. Technical amendment.
Subtitle B—Community-Based Child Abuse and Neglect Prevention Grants
Sec. 1131. Establishment of program.
Sec. 1132. Repeals.
Subtitle C—Family Violence Prevention and Services
Sec. 1141. Reference.
Sec. 1142. State demonstration grants.
Sec. 1143. Allotments.
Sec. 1144. Authorization of appropriations.
Subtitle D—Adoption Opportunities
Sec. 1151. Reference.
Sec. 1152. Findings and purpose.
Sec. 1153. Information and services.
Sec. 1154. Authorization of appropriations.
Subtitle E—Abandoned Infants Assistance Act of 1986
Sec. 1161. Reauthorization.
Subtitle F—Reauthorization of Various Programs
Sec. 1171. Missing Children's Assistance Act.
Sec. 1172. Victims of Child Abuse Act of 1990.
TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS
Sec. 1201. Reductions.
Sec. 1202. Department of Health and Human Services.

## TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

### SEC. 100. REFERENCES TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

### SEC. 101. BLOCK GRANTS TO STATES.

(a) REPEALS.—

(1) IN GENERAL.—Parts A and F of title IV (42 U.S.C. 601 et seq. and 682 et seq.) are hereby repealed.

(2) RULES AND REGULATIONS.—The Secretary of Health and Human Services shall ensure that any rules and regulations relating to the provisions of law repealed in paragraph (1) shall cease to have effect on and after the date of the repeal of such provisions.

(b) BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES WITH MINOR CHILDREN.—Title IV (42 U.S.C. 601 et seq.) is amended by inserting before part B the following:

## "PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES WITH MINOR CHILDREN

### "SEC. 400. NO INDIVIDUAL ENTITLEMENT.

''Notwithstanding any other provision of law, no individual is entitled to any assistance under this part.

**"SEC. 401. PURPOSE.**

''The purpose of this part is to increase the flexibility of States in operating a program designed to—

''(1) provide assistance to needy families with minor children;

''(2) provide job preparation and opportunities for such families; and

''(3) prevent and reduce the incidence of out-of-wedlock pregnancies, with a special emphasis on teenage pregnancies, and establish annual goals for preventing and reducing such pregnancies with respect to fiscal years 1996 through 2000.

**"SEC. 402. ELIGIBLE STATES; STATE PLAN.**

''(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that has submitted to the Secretary a plan that includes the following:

''(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—A written document that outlines how the State intends to do the following:

''(A) Conduct a program designed to serve all political subdivisions in the State to—

''(i) provide assistance to needy families with not less than 1 minor child (or any expectant family); and

''(ii) provide a parent or caretaker in such families with work experience, assistance in finding employment, and other work preparation activities and support services that the State considers appropriate to enable such families to leave the program and become self-sufficient.

''(B) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) when the State determines the parent or caretaker is ready to engage in work, or after 24 months (whether or not consecutive) of receiving assistance under the program, whichever is earlier.

''(C) Satisfy the minimum participation rates specified in section 404.

''(D) Treat—

''(i) families with minor children moving into the State from another State; and

''(ii) noncitizens of the United States.

''(E) Safeguard and restrict the use and disclosure of information about individuals and families receiving assistance under the program.

''(F) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies.

''(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

''(3) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD PROTECTION PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child protection program under the State plan approved under part B.

''(4) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E.

''(5) CERTIFICATION THAT THE STATE WILL PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will participate in the income and eligibility verification system required by section 1137.

''(6) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies are responsible for the administration and supervision of the State program for the fiscal year and ensuring that local governments and private sector organizations have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations.

''(7) CERTIFICATION THAT REQUIRED REPORTS WILL BE SUBMITTED.—A certification by the chief executive officer of the State that the State shall provide the Secretary with any reports required under this part.

''(8) ESTIMATE OF FISCAL YEAR STATE AND LOCAL EXPENDITURES.—An estimate of the total amount of State and local expenditures under the State program for the fiscal year.

''(b) CERTIFICATION THAT THE STATE WILL PROVIDE ACCESS TO INDIANS.—

''(1) IN GENERAL.—In recognition of the Federal Government's trust responsibility to, and government-to-government relationship with, Indian tribes, the Secretary shall ensure that Indians receive at least their equitable share of services under the State program, by requiring a certification by the chief executive officer of each State described in paragraph (2) that, during the fiscal year, the State shall provide Indians in each Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year with equitable access to assistance under the State program funded under this part.

''(2) STATE DESCRIBED.—For purposes of paragraph (1), a State described in this paragraph is a State in which there is an Indian tribe that does not have a tribal family assistance plan approved under section 414 for a fiscal year.

''(c) DISTRIBUTION OF STATE PLAN.—

''(1) PUBLIC AVAILABILITY OF SUMMARY.—The State shall make available to the public a summary of the State plan submitted under this section.

''(2) COPY TO AUDITOR.—The State shall provide the approved entity conducting the audit under section 408 with a copy of the State plan submitted under this section.

''(d) DEFINITIONS.—For purposes of this part, the following definitions shall apply:

''(1) ADULT.—The term 'adult' means an individual who is not a minor child.

''(2) MINOR CHILD.—The term 'minor child' means an individual—

''(A) who—

''(i) has not attained 18 years of age; or

''(ii) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training); and

''(B) who resides with such individual's custodial parent or other caretaker relative.

''(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

''(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

''(5) STATE.—Except as otherwise specifically provided, the term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

**"SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.**

''(a) GRANT AMOUNT.—

''(1) IN GENERAL.—Subject to the provisions of paragraphs (3) and (5), section 407 (relating to penalties), and section 414(g), for each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay—

''(A) each eligible State a grant in an amount equal to the State family assistance grant for the fiscal year; and

''(B) each Indian tribe with an approved tribal family assistance plan a tribal family assistance grant in accordance with section 414.

''(2) STATE FAMILY ASSISTANCE GRANT.—

''(A) IN GENERAL.—For purposes of paragraph (1)(A), a State family assistance grant for any State for a fiscal year is an amount equal to the total amount of the Federal payments to the State under section 403 for fiscal year 1994 (as such section was in effect during such fiscal year and as such payments were reported by the State on February 14, 1995), reduced by the amount (if any) determined under subparagraph (B).

''(B) AMOUNT ATTRIBUTABLE TO CERTAIN INDIAN FAMILIES SERVED BY INDIAN TRIBES.—

''(i) IN GENERAL.—For purposes of subparagraph (A), the amount determined under this subparagraph is an amount equal to the Federal payments to the State under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State under parts A and F of this title (as so in effect) for Indian families described in clause (ii).

''(ii) INDIAN FAMILIES DESCRIBED.—For purposes of clause (i), Indian families described in this clause are Indian families who reside in a service area or areas of an Indian tribe receiving a tribal family assistance grant under section 414.

''(C) NOTIFICATION.—Not later than 3 months prior to the payment of each quarterly installment of a State grant under subsection (a)(1), the Secretary shall notify the State of the amount of the reduction determined under subparagraph (B) with respect to the State.

''(3) SUPPLEMENTAL GRANT AMOUNT FOR POPULATION INCREASES IN CERTAIN STATES.—

''(A) IN GENERAL.—The amount of the grant payable under paragraph (1) to a qualifying State for each of fiscal years 1997, 1998, 1999, and 2000 shall be increased by an amount equal to 2.5 percent of the amount that the State received under this section in the preceding fiscal year.

''(B) INCREASE TO REMAIN IN EFFECT EVEN IF STATE FAILS TO QUALIFY IN LATER YEARS.—Subject to section 407, in no event shall the amount of a grant payable under paragraph (1) to a State for any fiscal year be less than the amount the State received under this section for the preceding fiscal year.

''(C) QUALIFYING STATE.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'qualifying State', with respect to any fiscal year, means a State that—

''(I) had an average level of State welfare spending per poor person in the preceding fiscal year that was less than the national average level of State welfare spending per poor person in the preceding fiscal year; and

''(II) had an estimated rate of State population growth as determined by the Bureau of the Census for the most recent fiscal year for which information is available that was greater than the average rate of population growth for all States as determined by the Bureau of the Census for such fiscal year.

''(ii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State shall be deemed to be a qualifying State for fiscal years 1997, 1998, 1999, and 2000 if the level of State welfare spending per poor person in fiscal year 1996 was less than 35 percent of the national average level of State welfare spending per poor person in fiscal year 1996.

''(iii) STATE MUST QUALIFY IN FISCAL YEAR 1997.—A State shall not be eligible to be a qualifying State under clause (i) for fiscal

years after 1997 if the State was not a qualifying State under clause (i) in fiscal year 1997.

''(D) DEFINITIONS.—For purposes of this paragraph:

''(i) LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State for any fiscal year—

''(I) the amount of the grant received by the State under this section (prior to the application of section 407); divided by

''(II) the number of the individuals in the State who had an income below the poverty line according to the 1990 decennial census.

''(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means an amount equal to—

''(I) the amount paid in grants under this section (prior to the application of section 407); divided by

''(II) the number of individuals in all States with an income below the poverty line according to the 1990 decennial census.

''(iii) POVERTY LINE.—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

''(iv) STATE.—The term 'State' means each of the 50 States of the United States.

''(4) APPROPRIATION.—

''(A) STATES.—There are authorized to be appropriated and there are appropriated $16,795,323,000 for each fiscal year described in paragraph (1) for the purpose of paying—

''(i) grants to States under paragraph (1)(A); and

''(ii) tribal family assistance grants under paragraph (1)(B).

''(B) ADJUSTMENT FOR QUALIFYING STATES.—For the purpose of increasing the amount of the grant payable to a State under paragraph (1) in accordance with paragraph (3), there are authorized to be appropriated and there are appropriated—

''(i) for fiscal year 1997, $85,860,000;

''(ii) for fiscal year 1998, $173,276,000;

''(iii) for fiscal year 1999, $263,468,000; and

''(iv) for fiscal year 2000, $355,310,000.

''(5) MAINTENANCE OF EFFORT.—

''(A) IN GENERAL.—If a State does not expend amounts in fiscal year 1996 or 1997 under the State programs described in subparagraph (B) at a level at least equal to 75 percent of the level of historic State expenditures, the amount of the grant otherwise determined under paragraph (1) for fiscal year 1997 or 1998 (as applicable) shall be reduced by the amount by which the State's expenditures in the preceding fiscal year are less than such level.

''(B) PROGRAMS DESCRIBED.—The programs described in this subparagraph are—

''(i) the State program funded under this part; and

''(ii) any program for low-income individuals.

For purposes of this subparagraph, the term 'low-income individual' means an individual who has an annual income at or below 240 percent of the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

''(C) HISTORIC STATE EXPENDITURES.—For purposes of this paragraph, the term 'historic State expenditures' means payments of cash assistance to recipients of aid to families with dependent children under the State plan under part A of title IV for fiscal year 1994, as in effect during such fiscal year.

''(D) DETERMINING STATE EXPENDITURES.—For purposes of this paragraph, State expenditures shall not include any expenditures from amounts made available by the Federal Government.

''(b) USE OF GRANT.—

''(1) IN GENERAL.—Subject to this part, a State to which a grant is made under this section may use the grant—

''(A) in any manner that is reasonably calculated to accomplish the purpose of this part; or

''(B) in any manner that such State used amounts received under part A or F of this title, as such parts were in effect before October 1, 1995.

''(2) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State to which a grant is made under this section may apply to a family some or all of the rules (including benefit amounts) of the program operated under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

''(3) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program operated under this part.

''(4) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under this section may use a portion of the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

''(5) TRANSFERABILITY OF GRANT AMOUNTS.—A State may use up to 30 percent of amounts received from a grant under this part for a fiscal year to carry out State activities under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) (relating to child care block grants).

''(c) TIMING OF PAYMENTS.—The Secretary shall pay each grant payable to a State under this section in quarterly installments.

''(d) FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—

''(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a revolving loan fund which shall be known as the 'Federal Loan Fund for State Welfare Programs' (hereafter for purposes of this section referred to as the 'fund').

''(2) DEPOSITS INTO FUND.—

''(A) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, $1,700,000,000 are hereby appropriated for fiscal year 1996 for payment to the fund.

''(B) LOAN REPAYMENTS.—The Secretary shall deposit into the fund any principal or interest payment received with respect to a loan made under this subsection.

''(3) AVAILABILITY.—Amounts in the fund are authorized to remain available without fiscal year limitation for the purpose of making loans and receiving payments of principal and interest on such loans, in accordance with this subsection.

''(4) USE OF FUND.—

''(A) LOANS TO STATES.—The Secretary shall make loans from the fund to any loan-eligible State, as defined in subparagraph (D), for a period to maturity of not more than 3 years.

''(B) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under subparagraph (A) at a rate equal to the Federal short-term rate, as defined in section 1274(d) of the Internal Revenue Code of 1986.

''(C) MAXIMUM LOAN.—The cumulative amount of any loans made to a State under subparagraph (A) during fiscal years 1996 through 2000 shall not exceed 10 percent of the State family assistance grant under subsection (a)(2) for a fiscal year.

''(D) LOAN-ELIGIBLE STATE.—For purposes of subparagraph (A), a loan-eligible State is a State which has not had a penalty described in section 407(a)(1) imposed against it at any time prior to the loan being made.

''(5) LIMITATION ON USE OF LOAN.—A State shall use a loan received under this subsection only for any purpose for which grant amounts received by the State under subsection (a) may be used including—

''(A) welfare anti-fraud activities; and

''(B) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 414.

''(e) SPECIAL RULE FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

''(1) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, and 2000 a grant in an amount equal to the amount received by such Indian tribe in fiscal year 1995 under section 482(i) (as in effect during such fiscal year) for the purpose of operating a program to make work activities available to members of the Indian tribe.

''(2) ELIGIBLE INDIAN TRIBE.—For purposes of paragraph (1), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during such fiscal year).

''(3) APPROPRIATION.—There are authorized to be appropriated and there are hereby appropriated $7,638,474 for each fiscal year described in paragraph (1) for the purpose of paying grants in accordance with such paragraph.

''(f) SECRETARY.—For purposes of this section, the term 'Secretary' means the Secretary of the Treasury.

**"SEC. 404. MANDATORY WORK REQUIREMENTS.**

''(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following tables for the fiscal year with respect to—

''(1) all families receiving assistance under the State program funded under this part:

| "If the fiscal year is: | The minimum participation rate for all families is: |
|---|---|
| 1996 | 25 |
| 1997 | 30 |
| 1998 | 35 |
| 1999 | 40 |
| 2000 or thereafter | 50; and |

''(2) with respect to 2-parent families receiving such assistance:

| "If the fiscal year is: | The minimum participation rate is: |
|---|---|
| 1996 | 60 |
| 1997 or 1998 | 75 |
| 1999 or thereafter | 90. |

''(b) CALCULATION OF PARTICIPATION RATES.—

''(1) FOR ALL FAMILIES.—

''(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

''(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families of the State for a month, expressed as a percentage, is—

''(i) the sum of—

''(I) the number of all families receiving assistance under the State program funded

under this part that include an adult who is engaged in work for the month;

''(II) the number of all families receiving assistance under the State program funded under this part that are subject in such month to a penalty described in paragraph (1)(A) or (2)(A) of subsection (d) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive);

''(III) the number of all families that received assistance under the State program under this part during the previous 6-month period that have become ineligible to receive assistance during such period because of employment and which include an adult who is employed for the month; and

''(IV) beginning in the first month beginning after the promulgation of the regulations described in paragraph (3) and in accordance with such regulations, the average monthly number of all families that are not receiving assistance under the State program funded under this part as a result of the State's diversion of such families from the State program prior to such families receipt of assistance under the program; divided by

''(ii) the total number of all families receiving assistance under the State program funded under this part during the month that include an adult receiving assistance.

''(2) 2-PARENT FAMILIES.—

''(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-parent families of the State for each month in the fiscal year.

''(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month, expressed as a percentage, is—

''(i) the total number of 2-parent families described in paragraph (1)(B)(i); divided by

''(ii) the total number of 2-parent families receiving assistance under the State program funded under this part during the month that include an adult.

''(3) REGULATIONS RELATING TO CALCULATION OF FAMILIES DIVERTED FROM ASSISTANCE.—

''(A) IN GENERAL.—Not later than 1 year after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall consult with the States and establish, by regulation, a method to measure the number of families diverted by a State from the State program funded under this part prior to such families receipt of assistance under the program.

''(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under such State's plan under the aid to families with dependent children program, as such plan was in effect on the day before the date of the enactment of the Work Opportunity Act of 1995.

''(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include families receiving assistance under a tribal family assistance plan approved under section 414. For purposes of the previous sentence, an individual who receives assistance under a tribal family assistance plan approved under section 414 shall be treated as being engaged in work if the individual is participating in work under standards that are comparable to State standards for being engaged in work.

''(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—For any fiscal year, a State may, at its option, not require an individual who is the parent or caretaker relative of a minor child who is less than 12 months of age to engage in work and may exclude such an individual from the determination of the minimum participation rate specified for such fiscal year in subsection (a).

''(c) ENGAGED IN WORK.—

''(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i)(I), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to a work activity:

| "If the month is in fiscal year: | The minimum average number of hours per week is: |
|---|---|
| 1996 | 20 |
| 1997 | 20 |
| 1998 | 20 |
| 1999 | 25 |
| 2000 | 30 |
| 2001 | 30 |
| 2002 | 35 |
| 2003 or thereafter | 35. |

''(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(A), an adult is engaged in work for a month in a fiscal year if the adult is participating in work for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to work activities described in paragraph (3).

''(3) DEFINITION OF WORK ACTIVITIES.—For purposes of this subsection, the term 'work activities' means—

''(A) unsubsidized employment;

''(B) subsidized employment;

''(C) on-the-job training;

''(D) community service programs;

''(E) job search (only for the first 4 weeks in which an individual is required to participate in work activities under this section); and

''(F) vocational educational training (not to exceed 12 months with respect to any individual).

''(d) PENALTIES AGAINST INDIVIDUALS.—If an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required under subsection (c)(1) or (c)(2), a State to which a grant is made under section 403 shall—

''(1) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or

''(2) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

''(e) NONDISPLACEMENT IN WORK ACTIVITIES.—

''(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under this part may fill a vacant employment position in order to engage in a work activity described in subsection (c)(3).

''(2) NO FILLING OF CERTAIN VACANCIES.—No adult in a work activity described in subsection (c)(3) shall be employed or assigned—

''(A) when any other individual is on layoff from the same or any substantially equivalent job; or

''(B) when the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with an adult described in paragraph (1).

''(3) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

''(f) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

''(g) DELIVERY THROUGH STATEWIDE SYSTEM.—

''(1) IN GENERAL.—Each work program carried out by the State to provide work activities in order to comply with this section shall be delivered through the statewide workforce development system established in section 711 of the Work Opportunity Act of 1995 unless a required work activity is not available locally through the statewide workforce development system.

''(2) EFFECTIVE DATE.—The provisions of paragraph (1) shall take effect—

''(A) in a State described in section 815(b)(1) of the Work Opportunity Act of 1995; and

''(B) in any other State, on July 1, 1998.

''(h) ENCOURAGEMENT TO PROVIDE CHILD CARE SERVICES.—An individual participating in a State community service program may be treated as being engaged in work under subsection (c) if such individual provides child care services to other individuals participating in the community service program in the manner, and for the period of time each week, determined appropriate by the State.

**"SEC. 405. REQUIREMENTS AND LIMITATIONS.**

''(a) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEIVING ASSISTANCE.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to have entered into a personal responsibility contract (as developed by the State) with the State.

''(b) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

''(1) IN GENERAL.—Except as provided under paragraphs (2) and (3), a State to which a grant is made under section 403 may not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under the program operated under this part for the lesser of—

''(A) the period of time established at the option of the State; or

''(B) 60 months (whether or not consecutive) after September 30, 1995.

''(2) MINOR CHILD EXCEPTION.—If an individual received assistance under the State program operated under this part as a minor child in a needy family, any period during which such individual's family received assistance shall not be counted for purposes of applying the limitation described in paragraph (1) to an application for assistance under such program by such individual as the head of a household of a needy family with minor children.

''(3) HARDSHIP EXCEPTION.—

''(A) IN GENERAL.—The State may exempt a family from the application of paragraph (1) by reason of hardship.

''(B) LIMITATION.—The number of families with respect to which an exemption made by a State under subparagraph (A) is in effect for a fiscal year shall not exceed 15 percent of the average monthly number of families to which the State is providing assistance under the program operated under this part.

''(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—An

individual shall not be considered an eligible individual for the purposes of this part during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

''(d) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

''(1) IN GENERAL.—An individual shall not be considered an eligible individual for the purposes of this part if such individual is—

''(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(B) violating a condition of probation or parole imposed under Federal or State law.

''(2) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, a State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under this part, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(A) such recipient—

''(i) is described in subparagraph (A) or (B) of paragraph (1); or

''(ii) has information that is necessary for the officer to conduct the officer's official duties; and

''(B) the location or apprehension of the recipient is within such officer's official duties.

''(e) STATE OPTION TO REQUIRE ASSIGNMENT OF SUPPORT.—At the option of the State, a State to which a grant is made under section 403 may provide that an individual applying for or receiving assistance under the State program funded under this part shall be required to assign to the State any rights to support from any other person the individual may have in such individual's own behalf or in behalf of any other family member for whom the individual is applying for or receiving assistance.

**''SEC. 406. PROMOTING RESPONSIBLE PARENTING.**

''(a) FINDINGS.—The Congress makes the following findings:

''(1) Marriage is the foundation of a successful society.

''(2) Marriage is an essential institution of a successful society which promotes the interests of children.

''(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the wellbeing of children.

''(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

''(5) The number of individuals receiving aid to families with dependent children (hereafter in this subsection referred to as 'AFDC') has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

''(A)(i) The average monthly number of children receiving AFDC benefits—

''(I) was 3,300,000 in 1965;

''(II) was 6,200,000 in 1970;

''(III) was 7,400,000 in 1980; and

''(IV) was 9,300,000 in 1992.

''(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

''(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

''(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

''(6) The increase of out-of-wedlock pregnancies and births is well documented as follows:

''(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

''(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

''(7) The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented as follows:

''(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of 'younger and longer' increase total AFDC costs per household by 25 percent to 30 percent for 17-year olds.

''(B) Children born out-of-wedlock have a substantially higher risk of being born at a very low or moderately low birth weight.

''(C) Children born out-of-wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect.

''(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

''(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

''(F) Children born out-of-wedlock are 3 more times likely to be on welfare when they grow up.

''(8) Currently 35 percent of children in single-parent homes were born out-of-wedlock, nearly the same percentage as that of children in single-parent homes whose parents are divorced (37 percent). While many parents find themselves, through divorce or tragic circumstances beyond their control, facing the difficult task of raising children alone, nevertheless, the negative consequences of raising children in single-parent homes are well documented as follows:

''(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In contrast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

''(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

''(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

''(D) Mothers under 20 years of age are at the greatest risk of bearing low birth-weight babies.

''(E) The younger the single parent mother, the less likely she is to finish high school.

''(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

''(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

''(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

''(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

''(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact two-parent families.

''(K) Children from single-parent homes are almost 4 times more likely to be expelled or suspended from school.

''(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

''(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

''(9) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth are very important Government interests and the policy contained in provisions of this title is intended to address the crisis.

''(b) STATE OPTION TO DENY ASSISTANCE FOR OUT-OF-WEDLOCK BIRTHS TO MINORS.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a child born out-of-wedlock to an individual who has not attained 18 years of age, or for the individual, until the individual attains such age.

''(c) STATE OPTION TO DENY ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—At the option of the State, a State to which a grant is made under section 403 may provide that the grant shall not be used to provide assistance for a minor child who is born to—

''(1) a recipient of assistance under the program funded under this part; or

''(2) an individual who received such benefits at any time during the 10-month period ending with the birth of the child.

''(d) REQUIREMENT THAT TEENAGE PARENTS LIVE IN AN ADULT-SUPERVISED SETTING AND ATTEND SCHOOL.—

''(1) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in paragraph (2) if—

''(A) the individual and the minor child of the individual do not reside in—

''(i) a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; or

''(ii) another adult-supervised setting; and

''(B) the individual does not participate in—

''(i) educational activities directed toward the attainment of a high school diploma or its equivalent; or

''(ii) an alternative educational or training program that has been approved by the State.

''(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who—

''(A) is under the age of 18 and is not married; and

''(B) has a minor child in his or her care.

''(e) STATE OPTION TO DENY ASSISTANCE IN CERTAIN SITUATIONS.—Nothing in this subsection shall be construed to restrict the authority of a State to exercise its option to limit assistance under this part to individuals if such limitation is not inconsistent with the provisions of this part.

**''SEC. 407. STATE PENALTIES.**

''(a) IN GENERAL.—Subject to the provisions of subsection (b), the Secretary shall deduct from the grant otherwise payable under section 403 the following penalties:

''(1) FOR USE OF GRANT IN VIOLATION OF THIS PART.—If an audit conducted under section 408 finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, then the Secretary shall reduce the amount of the grant otherwise payable to the State under such section for the immediately succeeding fiscal year quarter by the amount so used, plus 5 percent of such grant (determined without regard to this section).

''(2) FOR FAILURE TO SUBMIT REQUIRED REPORT.—

''(A) IN GENERAL.—If the Secretary determines that a State has not, within 6 months after the end of a fiscal year, submitted the report required by section 409 for the fiscal year, the Secretary shall reduce by 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report for a fiscal year if the State submits the report before the end of the immediately succeeding fiscal year.

''(3) FOR FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

''(A) IN GENERAL.—If the Secretary determines that a State has failed to satisfy the minimum participation rates specified in section 404(a) for a fiscal year, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) on the basis of the degree of noncompliance.

''(4) FOR FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(5) FOR FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary determines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity in accordance with such part, the Secretary shall reduce by not more than 5 percent the amount of the grant that would (in the absence of this section) be payable to the State under section 403 for the immediately succeeding fiscal year.

''(6) FOR FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 403(d) within the period of maturity applicable to such loan, plus any interest owed on such loan, then the Secretary shall reduce the amount of the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year quarter by the outstanding loan amount, plus the interest owed on such outstanding amount.

''(b) REQUIREMENTS.—

''(1) LIMITATION ON AMOUNT OF PENALTY.—

''(A) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

''(B) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that subparagraph (A) prevents the Secretary from recovering during a fiscal year the full amount of all penalties imposed on a State under subsection (a) for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant otherwise payable to the State under section 403 for the immediately succeeding fiscal year.

''(2) STATE FUNDS TO REPLACE REDUCTIONS IN GRANT.—A State which has a penalty imposed against it under subsection (a) shall expend additional State funds in an amount equal to the amount of the penalty for the purpose of providing assistance under the State program under this part.

''(3) REASONABLE CAUSE FOR NONCOMPLIANCE.—The Secretary may not impose a penalty on a State under subsection (a) if the Secretary determines that the State has reasonable cause for failing to comply with a requirement for which a penalty is imposed under such subsection.

''(c) CERTIFICATION OF AMOUNT OF PENALTIES.—If the Secretary is required to reduce the amount of any grant under this section, the Secretary shall certify the amount of such reduction to the Secretary of the Treasury and the Secretary of the Treasury shall reduce the amount paid to the State under section 403 by such amount.

''(d) EFFECTIVE DATES.—

''(1) IN GENERAL.—The penalties described in paragraphs (2) through (6) of subsection (a) shall apply with respect to fiscal years beginning on or after October 1, 1996.

''(2) MISUSE OF FUNDS.—The penalties described in subsection (a)(1) shall apply with respect to fiscal years beginning on or after October 1, 1995.

**''SEC. 408. AUDITS.**

''(a) IN GENERAL.—Each State shall, not less than annually, audit the State expenditures from amounts received under this part. Such audit shall—

''(1) determine the extent to which such expenditures were or were not expended in accordance with this part; and

''(2) be conducted by an approved entity (as defined in subsection (b)) in accordance with generally accepted auditing principles.

''(b) APPROVED ENTITY.—For purposes of subsection (a), the term 'approved entity' means an entity that—

''(1) is approved by the Secretary of the Treasury;

''(2) is approved by the chief executive officer of the State; and

''(3) is independent of any agency administering activities funded under this part.

''(c) AUDIT REPORT.—Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature, the Secretary of the Treasury, and the Secretary of Health and Human Services.

''(d) ADDITIONAL ACCOUNTING REQUIREMENTS.—The provisions of chapter 75 of title 31, United States Code, shall apply to the audit requirements of this section.

**''SEC. 409. DATA COLLECTION AND REPORTING.**

''(a) IN GENERAL.—Each State to which a grant is made under section 403 for a fiscal year shall, not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, transmit to the Secretary the following aggregate information on families to which assistance was provided during the fiscal year under the State program operated under this part:

''(1) The number of adults receiving such assistance.

''(2) The number of children receiving such assistance and the average age of the children.

''(3) The employment status of such adults, and the average earnings of employed adults receiving such assistance.

''(4) The age, race, and educational attainment at the time of application for assistance of the adults receiving such assistance.

''(5) The average amount of cash and other assistance provided to the families under the program.

''(6) The number of months, since the most recent application for assistance under the program, for which such assistance has been provided to the families.

''(7) The total number of months for which assistance has been provided to the families under the program.

''(8) Any other data necessary to indicate whether the State is in compliance with the plan most recently submitted by the State pursuant to section 402.

''(9) The components of any program carried out by the State to provide work activities in order to comply with section 404, and the average monthly number of adults in each such component.

''(10) The number of part-time job placements and the number of full-time job placements made through the program referred to in paragraph (9), the number of cases with reduced assistance, and the number of cases closed due to employment.

''(11) The number of cases closed due to section 405(b).

''(12) The increase or decrease in the number of children born out of wedlock to recipients of assistance under the State program funded under this part and the State's success in meeting its goals established under section 402(a)(1)(F).

''(13) The number of out-of-wedlock pregnancies in the State for the most recent fiscal year for which information is available and the total number of pregnancies in such State for such year.

''(b) AUTHORITY OF STATES TO USE ESTIMATES.—A State may comply with the requirement to provide precise numerical information described in subsection (a) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods.

''(c) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by subsection (a) for a fiscal year shall include a statement of—

''(1) the total amount and percentage of the Federal funds paid to the State under this part for the fiscal year that are used to cover administrative costs or overhead; and

''(2) the total amount of State funds that are used to cover such costs or overhead.

''(d) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by subsection (a) for a fiscal year shall include a statement of the total amount expended by the State during the fiscal year on the program under this part and the purposes for which such amount was spent.

''(e) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by subsection (a) for a fiscal year shall include the number of noncustodial parents in the State who participated in work activities during the fiscal year.

''(f) REPORT ON CHILD SUPPORT COLLECTED.—The report required by subsection (a) for a fiscal year shall include the total amount of child support collected by the State agency administering the State program under part D on behalf of a family receiving assistance under this part.

''(g) REPORT ON CHILD CARE.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for child care under the program under this part, along with a description of the types of child care provided, including child care provided in the case of a family that—

''(1) has ceased to receive assistance under this part because of employment; or

''(2) is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

''(h) REPORT ON TRANSITIONAL SERVICES.—The report required by subsection (a) for a fiscal year shall include the total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

''(i) SECRETARY'S REPORT ON DATA PROCESSING.—

''(1) IN GENERAL.—Not later than 6 months after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall prepare and submit to the Congress a report on—

''(A) the status of the automated data processing systems operated by the States to assist management in the administration of State programs under this part (whether in effect before or after October 1, 1995); and

''(B) what would be required to establish a system capable of—

''(i) tracking participants in public programs over time; and

''(ii) checking case records of the States to determine whether individuals are participating in public programs in 2 or more States.

''(2) PREFERRED CONTENTS.—The report required by paragraph (1) should include—

''(A) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in paragraph (1)(B); and

''(B) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

**''SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.**

''(a) RESEARCH.—The Secretary may conduct research on the effects and costs of State programs funded under this part.

''(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO EMPLOYING WELFARE RECIPIENTS.—The Secretary may assist States in developing, and shall evaluate, innovative approaches to employing recipients of assistance under programs funded under this part. In performing such evaluations, the Secretary shall, to the maximum extent feasible, use random assignment to experimental and control groups.

''(c) STUDIES OF WELFARE CASELOADS.—The Secretary may conduct studies of the caseloads of States operating programs funded under this part.

''(d) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

''(e) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

''(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance.

''(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

''(f) ANNUAL RANKING OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

''(1) ANNUAL RANKING OF STATES.—

''(A) IN GENERAL.—The Secretary shall annually rank States to which grants are paid under section 403 based on the following ranking factors (developed with information reported by the State under section 409(a)(13)):

''(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

''(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information is available; over

''(II) the total number of births in families receiving assistance under the State program under this part in the State for such year.

''(ii) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—The difference between the ratio described in subparagraph (A)(i) for the most recent fiscal year for which information is available and such State's ratio determined for the preceding year.

''(2) ANNUAL REVIEW.—The Secretary shall review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

''(g) STUDY ON ALTERNATIVE OUTCOMES MEASURES.—

''(1) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of a State in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 404. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis.

''(2) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study described in paragraph (1).

**''SEC. 411. STUDY BY THE CENSUS BUREAU.**

''(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work Opportunity Act of 1995 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low-income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock births, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

''(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

**''SEC. 412. WAIVERS.**

''(a) CONTINUATION OF WAIVERS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part is in effect or approved by the Secretary as of October 1, 1995, the amendments made by the Work Opportunity Act of 1995 shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

''(2) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall receive the payment described for such State for such fiscal year under section 403, in lieu of any other payment provided for in the waiver.

''(b) STATE OPTION TO TERMINATE WAIVER.—

''(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

''(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of such waiver.

''(3) HOLD HARMLESS PROVISION.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the terms and conditions of such waiver.

''(B) DATE DESCRIBED.—The date described in this subparagraph is the later of—

''(i) January 1, 1996; or

''(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Work Opportunity Act of 1995.

''(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue such waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of such waiver.

''(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue one or more individual waivers described in subsection (a)(1).

**''SEC. 413. STATE DEMONSTRATION PROGRAMS.**

Nothing in this part shall be construed as limiting a State's ability to conduct demonstration projects for the purpose of identifying innovative or effective program designs in 1 or more political subdivisions of the State.

**''SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.**

''(a) PURPOSE.—The purpose of this section is—

''(1) to strengthen and enhance the control and flexibility of local governments over local programs; and

''(2) in recognition of the principles contained in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.)—

''(A) to provide direct Federal funding to Indian tribes for the tribal administration of the program funded under this part; or

''(B) to enable Indian tribes to enter into agreements, contracts, or compacts with intertribal consortia, States, or other entities for the administration of such program on behalf of the Indian tribe.

''(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

''(1) IN GENERAL.—For each of fiscal years 1996, 1997, 1998, 1999, and 2000, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under paragraph (2).

''(2) AMOUNT DETERMINED.—

''(A) IN GENERAL.—The amount determined under this paragraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 for fiscal year 1994 (as in effect during such fiscal year) attributable to expenditures by the State or States under part A and part F of this title (as so in effect) in such year for Indian families residing in the service area or areas identified by the Indian tribe in subsection (c)(1)(C).

''(B) USE OF STATE SUBMITTED DATA.—

''(i) IN GENERAL.—The Secretary shall use State submitted data to make each determination under subparagraph (A).

''(ii) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under clause (i), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under subparagraph (A) and the Secretary may consider such information before making such determination.

''(c) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

''(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

''(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with the purposes of this section;

''(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

''(C) identifies the population and service area or areas to be served by such plan;

''(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

''(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

''(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

''(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

''(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single plan by the participating Indian tribes of an intertribal consortium.

''(d) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under such grant, and penalties against individuals—

''(1) consistent with the purposes of this section;

''(2) consistent with the economic conditions and resources available to each tribe; and

''(3) similar to comparable provisions in section 404(d).

''(e) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

''(f) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

''(1) generally accepted accounting principles; and

''(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

''(g) TRIBAL PENALTIES.—For the purpose of ensuring the proper use of tribal family assistance grants, the following provisions shall apply to an Indian tribe with an approved tribal assistance plan:

''(1) The provisions of subsections (a)(1), (a)(6), and (b) of section 407, in the same manner as such subsections apply to a State.

''(2) The provisions of section 407(a)(3), except that such subsection shall be applied by substituting 'the minimum requirements established under subsection (d) of section 414' for 'the minimum participation rates specified in section 404'.

''(h) DATA COLLECTION AND REPORTING.—For the purpose of ensuring uniformity in data collection, section 409 shall apply to an Indian tribe with an approved tribal family assistance plan.''.

**''SEC. 415. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

''The programs under this part and part D of this title shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law.

**''SEC. 416. LIMITATION ON FEDERAL AUTHORITY.**

''The Secretary of Health and Human Services and the Secretary of the Treasury may not regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part.

**''SEC. 417. APPEAL OF ADVERSE DECISION.**

''(a) IN GENERAL.—The Secretary shall notify the chief executive officer of a State of any adverse decision or action under this part, including any decision with respect to the State's plan or the imposition of a penalty under section 407.

''(b) ADMINISTRATIVE REVIEW OF ADVERSE DECISION.—

''(1) IN GENERAL.—Within 60 days after the date a State receives notice of an adverse decision under this section, the State may appeal the decision, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (hereafter referred to in this section as the 'Board') by filing an appeal with the Board.

''(2) PROCEDURAL RULES.—The Board shall consider a State's appeal on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse decision or any portion thereof, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under this paragraph not less than 60 days after the date the appeal is filed.

''(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

''(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board with respect to an adverse decision regarding a State under this section, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

''(A) the district court of the United States for the judicial district in which the principal or headquarters office of the State agency is located; or

''(B) the United States District Court for the District of Columbia.

''(2) PROCEDURAL RULES.—The district court in which an action is filed shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.''.

**SEC. 102. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.**

(a) IN GENERAL.—

(1) STATE OPTIONS.—Notwithstanding any other provision of law, a State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 101).

(B) Any other program that is established or modified under this Act (other than programs established or modified under sections 104 through 108, or titles III, IV, V, VI, VII, VIII, and XI of this Act) that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to contract, or to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—Religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2). Neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—Notwithstanding any other provision of law, any religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance, or form a separate, nonprofit corporation to receive and administer the assistance funded under a program described in subsection (a)(2); or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) NONDISCRIMINATION IN EMPLOYMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall be construed to modify or affect the provisions of any other Federal law or regulation that relates to discrimination in employment on the basis of religion.

(2) EXCEPTION.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), may require that employees rendering service pursuant to such contract, or pursuant to the organization's acceptance of certificates, vouchers, or other forms of disbursement adhere to—

(A) the religious tenets and teachings of such organization; and

(B) any rules of the organization regarding the use of drugs or alcohol.

(f) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(g) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(h) COMPLIANCE.—A religious organization which has its rights under this section violated may enforce its claim exclusively by asserting a civil action for such relief as may be appropriate, including injunctive relief or damages, in an appropriate State court against the entity or agency that allegedly commits such violation.

(i) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—If a beneficiary has an objection to the religious character of the organization or institution from which the beneficiary is receiving assistance funded under any program described in subsection (a)(2), each State shall provide such beneficiary assistance from an alternative provider the value of which is not less than the value of the assistance which the individual would have received from such organization or institution.

**SEC. 103. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.**

No funds provided directly to institutions or organizations to provide services and administer programs described in section 102(a)(2) and programs established or modified under titles VI, VII, or VIII of this Act shall be expended for sectarian worship or instruction. This section shall not apply to financial assistance provided to or on behalf of beneficiaries of assistance in the form of certificates, vouchers, or other forms of disbursement, if such beneficiary may choose where such assistance shall be redeemed.

**SEC. 104. CONTINUED APPLICATION OF CURRENT STANDARDS UNDER MEDICAID PROGRAM.**

(a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et seq.) is amended—

(1) in section 1931, by inserting ''subject to section 1931(a),'' after ''under this title,'' and by redesignating such section as section 1932; and

(2) by inserting after section 1930 the following new section:

''CONTINUED APPLICATION OF AFDC STANDARDS

''SEC. 1931. (a) For purposes of applying this title on and after October 1, 1995, with respect to a State—

''(1) except as provided in paragraph (2), any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV of this Act, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of June 1, 1995, with respect to the State and eligibility for medical assistance under this title shall be determined as if such provision or plan (as in effect as of such date) had remained in effect on and after October 1, 1995; and

''(2) any reference in section 1902(a)(5) or 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State program funded under such part (as in effect on and after October 1, 1995).

''(b) In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of June 1, 1995, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may, at the option of the State, continue to be applied in relation to this title after the date the waiver would otherwise expire.''.

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking ''and'' at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting ''; and''; and

(3) by inserting after paragraph (62) the following new paragraph:

''(63) provide for continuing to administer eligibility standards with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.''.

(c) CONFORMING AMENDMENTS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking ''if—'' and all that follows and inserting the following: ''if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.''.

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1995.

**SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN.**

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce (hereafter in this section referred to as the ''Secretary''), in carrying out the provisions of section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (hereafter in this section referred to as the ''Bureau'') to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

(b) EXPANDED CENSUS QUESTION.—In carrying out the provisions of subsection (a), the Secretary shall expand the Bureau's census question that details households which include both grandparents and their grandchildren. The expanded question shall be formulated to distinguish between the following households:

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

**SEC. 106. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.**

(a) AMENDMENTS TO TITLE II.—

(1) Section 205(c)(2)(C)(vi) (42 U.S.C. 405(c)(2)(C)(vi)), as so redesignated by section 321(a)(9)(B) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(A) by inserting ''an agency administering a program funded under part A of title IV or'' before ''an agency operating''; and

(B) by striking ''A or D of title IV of this Act'' and inserting ''D of such title''.

(2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amended by inserting ''under a State program funded under'' before ''part A of title IV''.

(b) AMENDMENT TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking ''under the State plan approved'' and inserting ''under the State program funded.''.

(c) AMENDMENTS TO PART D OF TITLE IV.—

(1) Section 451 (42 U.S.C. 651) is amended by striking ''aid'' and inserting ''assistance under a State program funded''.

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) by striking ''aid to families with dependent children'' and inserting ''assistance under a State program funded under part A'';

(B) by striking ''such aid'' and inserting ''such assistance''; and

(C) by striking ''402(a)(26) or''.

(3) Section 452(a)(10)(F) (42 U.S.C. 652(a)(10)(F)) is amended—

(A) by striking ''aid under a State plan approved'' and inserting ''assistance under a State program funded''; and

(B) by striking ''in accordance with the standards referred to in section 402(a)(26)(B)(ii)'' and inserting ''by the State''.

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking ''aid under the State plan approved under part A'' and inserting ''assistance under a State program funded under part A''.

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking ''1115(c)'' and inserting ''1115(b)''.

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking ''aid is being paid under the State's plan approved under part A or E'' and inserting ''assistance is being provided under the State program funded under part A or aid is being paid under the State's plan approved under part E''.

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking ''aid was being paid under the State's plan approved under part A or E'' and inserting ''assistance was being provided under the State program funded under part A or aid was being paid under the State's plan approved under part E''.

(8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended in the matter following subparagraph (B)—

(A) by striking ''who is a dependent child'' and inserting ''with respect to whom assistance is being provided under the State program funded under part A'';

(B) by inserting ''by the State agency administering the State plan approved under this part'' after ''found''; and

(C) by striking ''under section 402(a)(26)'' and inserting ''with the State in establishing paternity''.

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking ''under section 402(a)(26)''.

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking ''aid'' and inserting ''assistance under a State program funded''.

(11) Section 454 (42 U.S.C. 654)) is amended—

(A) in paragraph (5)(A)—

(i) by striking ''under section 402(a)(26)''; and

(ii) by striking ''except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;''; and

(B) in paragraph (6)(D), by striking ''aid under a State plan approved'' and inserting ''assistance under a State program funded''.

(12) Section 456 (42 U.S.C. 656) is amended—

(A) in subsection (a)(1), by striking ''under section 402(a)(26)''; and

(B) by striking subsection (b) and inserting the following:

''(b) A debt which is a support obligation enforceable under this title is not released by a discharge in bankruptcy under title 11, United States Code.''.

(13) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''402(a)(26) or''.

(14) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking ''aid'' and inserting ''assistance under a State program funded''.

(15) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking ''aid under plans approved'' and inserting ''assistance under State programs funded''; and

(B) by striking ''such aid'' and inserting ''such assistance''.

(d) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 470 (42 U.S.C. 670) is amended—

(A) by striking ''would be'' and inserting ''would have been''; and

(B) by inserting ''(as such plan was in effect on June 1, 1995)'' after ''part A''.

(2) Section 471(17) (42 U.S.C. 671(17)) is amended by striking ''plans approved under parts A and D'' and inserting ''program funded under part A and plan approved under part D''.

(3) Section 472(a) (42 U.S.C. 672(a)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking ''would meet'' and inserting ''would have met'';

(ii) by inserting ''(as such sections were in effect on June 1, 1995)'' after ''407''; and

(iii) by inserting ''(as so in effect)'' after ''406(a)''; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by inserting ''would have'' after ''(A)''; and

(II) by inserting ''(as in effect on June 1, 1995)'' after ''section 402''; and

(ii) in subparagraph (B)(ii), by inserting ''(as in effect on June 1, 1995)'' after ''406(a)''.

(4) Section 472(h) (42 U.S.C. 672(h)) is amended to read as follows:

''(h)(1) For purposes of title XIX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect). For purposes of title XX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

''(2) For purposes of paragraph (1), a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.''.

(5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by inserting ''(as such sections were in effect on June 1, 1995)'' after ''407'';

(ii) by inserting ''(as so in effect)'' after ''specified in section 406(a)''; and

(iii) by inserting ''(as such section was in effect on June 1, 1995)'' after ''403'';

(B) in subparagraph (B)(i)—

(i) by inserting ''would have'' after ''(B)(i)''; and

(ii) by inserting ''(as in effect on June 1, 1995)'' after ''section 402''; and

(C) in subparagraph (B)(ii)(II), by inserting ''(as in effect on June 1, 1995)'' after ''406(a)''.

(6) Section 473(b) (42 U.S.C. 673(b)) is amended to read as follows:

''(b)(1) For purposes of title XIX, any child who is described in paragraph (3) shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect) in the State where such child resides.

''(2) For purposes of title XX, any child who is described in paragraph (3) shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

''(3) A child described in this paragraph is any child—

''(A)(i) who is a child described in subsection (a)(2), and

''(ii) with respect to whom an adoption assistance agreement is in effect under this section (whether or nor adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

''(B) with respect to whom foster care maintenance payments are being made under section 472.

''(4) For purposes of paragraphs (1) and (2), a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.''.

(e) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking ''aid to families with dependent children under the State plan approved under section 402 of this Act'' and inserting ''assistance under a State program funded under part A of title IV''.

(f) AMENDMENTS TO TITLE XI.—

(1) Section 1109 (42 U.S.C. 1309) is amended by striking ''or part A of title IV,''.

(2) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting ''(A)'' after ''(2)'';

(ii) by striking ''403,'';

(iii) by striking the period at the end and inserting '', and''; and

(iv) by adding at the end the following new subparagraph:

''(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part.''; and

(B) in subsection (c)(3), by striking ''under the program of aid to families with dependent children'' and inserting ''part A of such title''.

(3) Section 1116 (42 U.S.C. 1316) is amended—

(A) in each of subsections (a)(1), (b), and (d), by striking ''or part A of title IV,''; and

(B) in subsection (a)(3), by striking ''404,''.

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking ''403(a),'';

(B) by striking ''and part A of title IV,''; and

(C) by striking '', and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV''.

(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking ''or part A of title IV''; and

(B) by striking ''403(a),''.

(6) Section 1133(a) (42 U.S.C. 1320b–3(a)) is amended by striking ''or part A of title IV,''.

(7) Section 1136 (42 U.S.C. 1320b–6) is repealed.

(8) Section 1137 (42 U.S.C. 1320b–7) is amended—

(A) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) any State program funded under part A of title IV of this Act;''; and

(B) in subsection (d)(1)(B)—

(i) by striking ''In this subsection—'' and all that follows through ''(ii) in'' and inserting ''In this subsection, in'';

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii); and

(iii) by moving such redesignated material 2 ems to the left.

(9) Section 1108 (42 U.S.C. 1308) is amended—

(A) in subsection (a)—

(i) in the matter preceding paragraph (1)—

(I) by inserting ''(or paid, in the case of part A of title IV); and

(II) by striking ''or, in the case of'' and all that follows through ''section 403(k)'';

(ii) in paragraph (1)—

(I) in subparagraph (F), by striking ''or'';

(II) in subparagraph (G), by striking ''the fiscal year 1989 and each fiscal year thereafter;'' and inserting ''each of the fiscal years 1989 through 1995, or''; and

(III) by inserting after subparagraph (G), the following new subparagraph:

''(H) $92,250,000 with respect to fiscal year 1996 and each fiscal year thereafter;'';

(iii) in paragraph (2)—

(I) in subparagraph (F), by striking ''or'';

(II) in subparagraph (G), by striking ''the fiscal year 1989 and each fiscal year thereafter;'' and inserting ''each of the fiscal years 1989 through 1995, or''; and

(III) by inserting after subparagraph (G), the following new subparagraph:

''(H) $3,150,000 with respect to fiscal year 1996 and each fiscal year thereafter;''; and

(iv) in paragraph (3)—

(I) in subparagraph (F), by striking ''or'';

(II) in subparagraph (G), by striking ''the fiscal year 1989 and each fiscal year thereafter.'' and inserting ''each of the fiscal years 1989 through 1995, or''; and

(III) by inserting after subparagraph (G), the following new subparagraph:

''(H) $4,275,000 with respect to fiscal year 1996 and each fiscal year thereafter.''; and

(B) in subsection (d), by striking ''(exclusive of any amounts'' and all that follows through ''section 403(k) applies)''.

(g) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking ''aid to families with dependent children under the State plan approved under section 402 of this Act'' and inserting ''assistance under a State program funded under part A of title IV''.

(h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972 (42 U.S.C. 1382 note), is amended by striking ''aid under the State plan approved'' and inserting ''assistance under a State program funded''.

(i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42 U.S.C. 1382(c)(5)(A)) is amended to read as follows: ''(A) a State program funded under part A of title IV,''.

**SEC. 107. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.**

(a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in the second sentence of subsection (a), by striking ''plan approved'' and all that follows through ''title IV of the Social Security Act'' and inserting ''program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995'';

(2) in subsection (d)(5)—

(A) by striking ''assistance to families with dependent children'' and inserting ''assistance under a State program funded''; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking ''plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)'' and inserting ''program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''.

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking ''the State plan approved'' and inserting ''the State program funded'';

(2) in subsection (e)—

(A) by striking ''aid to families with dependent children'' and inserting ''benefits under a State program funded''; and

(B) by inserting before the semicolon the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(3) by adding at the end the following new subsection:

''(i) Notwithstanding any other provision of this Act, a household may not receive benefits under this Act as a result of the household's eligibility under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.''.

(c) Section 16(g)(4) of such Act (7 U.S.C. 2025(g)(4)) is amended by striking ''State plans under the Aid to Families with Dependent Children Program under'' and inserting ''State programs funded under part A of''.

(d) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) in the first sentence of subsection (b)(1)(A), by striking ''to aid to families with dependent children under part A of title IV of the Social Security Act'' and inserting ''or are receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)''; and

(2) in subsection (b)(3), by adding at the end the following new subparagraph:

''(I) The Secretary may not grant a waiver under this paragraph on or after October 1, 1995. Any reference in this paragraph to a provision of title IV of the Social Security Act shall be deemed to be a reference to such provision as in effect on September 30, 1995.'';

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking ''operating—'' and all that follows through ''(ii) any other'' and inserting ''operating any''; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''(b)(1) A household'' and inserting ''(b) A household''; and

(ii) in subparagraph (B), by striking ''training program'' and inserting ''activity'';

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) through (F) as paragraphs (1) through (6), respectively.

(f) Section 5(h)(1) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–186; 7 U.S.C. 612c note) is amended by striking ''the program for aid to families with dependent children'' and inserting ''the State program funded''.

(g) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

(i) by striking ''program for aid to families with dependent children'' and inserting ''State program funded''; and

(ii) by inserting before the period at the end the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking ''an AFDC assistance unit (under the aid to families with dependent children program authorized'' and inserting ''a family (under the State program funded''; and

(II) by striking '', in a State'' and all that follows through ''9902(2)))'' and inserting ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(ii) in subparagraph (B), by striking ''aid to families with dependent children'' and inserting ''assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''; and

(2) in subsection (d)(2)(C)—

(A) by striking ''program for aid to families with dependent children'' and inserting ''State program funded''; and

(B) by inserting before the period at the end the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995''.

(h) Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended—

(1) in subsection (d)(2)(A)(ii)(II)—

(A) by striking ''program for aid to families with dependent children established'' and inserting ''State program funded''; and

(B) by inserting before the semicolon the following: ''that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995'';

(2) in subsection (e)(4)(A), by striking ''program for aid to families with dependent children'' and inserting ''State program funded''; and

(3) in subsection (f)(1)(C)(iii), by striking ''aid to families with dependent children,'' and inserting ''State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and with the''.

**SEC. 108. CONFORMING AMENDMENTS TO OTHER LAWS.**

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (Public Law 94–566; 90 Stat. 2689) is amended to read as follows:

''(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

''(1) pursuant to the third sentence of section 3(a) of the Act entitled 'An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes', approved June 6, 1933 (29 U.S.C. 49b(a)), or

''(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.''.

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

(f) Section 202(d) of the Social Security Amendments of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

(g) Section 903 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking ''aid to families with dependent children under a State plan approved'' and inserting ''assistance under a State program funded''; and

(2) in subsection (c), by striking ''aid to families with dependent children in the State under a State plan approved'' and inserting ''assistance in the State under a State program funded''.

(h) The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

(1) in section 404C(c)(3) (20 U.S.C. 1070a–23(c)(3)), by striking ''(Aid to Families with Dependent Children)''; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking ''aid to families with dependent children under a State plan approved'' and inserting ''assistance under a State program funded''.

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking ''the program for aid to dependent children'' and inserting ''the State program funded'';

(2) in section 232(b)(2)(B) (20 U.S.C. 2341a(b)(2)(B)), by striking ''the program for aid to families with dependent children'' and inserting ''the State program funded''; and

(3) in section 521(14)(B)(iii) (20 U.S.C. 2471(14)(B)(iii)), by striking ''the program for aid to families with dependent children'' and inserting ''the State program funded''.

(j) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 2701 et seq.) is amended—

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking ''Aid to Families with Dependent Children Program'' and inserting ''State program funded under part A of title IV of the Social Security Act'';

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking ''the program of aid to families with dependent children under a State plan approved under'' and inserting ''a State program funded under part A of''; and

(3) in section 5203(b)(2) (20 U.S.C. 7233(b)(2))—

(A) in subparagraph (A)(xi), by striking ''Aid to Families with Dependent Children benefits'' and inserting ''assistance under a State program funded under part A of title IV of the Social Security Act''; and

(B) in subparagraph (B)(viii), by striking ''Aid to Families with Dependent Children'' and inserting ''assistance under the State program funded under part A of title IV of the Social Security Act''.

(k) Chapter VII of title I of Public Law 99–88 (25 U.S.C. 13d–1) is amended to read as follows: ''*Provided further*, That general assistance payments made by the Bureau of Indian Affairs shall be made—

''(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

''(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.''.

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows ''agency as'' and inserting ''being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.'';

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking ''eligibility for aid or services,'' and all that follows through ''children approved'' and inserting ''eligibility for assistance, or the amount of such assistance, under a State program funded'';

(3) in section 6103(*l*)(7)(D)(i) (26 U.S.C. 6103(*l*)(7)(D)(i)), by striking ''aid to families with dependent children provided under a State plan approved'' and inserting ''a State program funded'';

(4) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking ''(relating to aid to families with dependent children)''; and

(5) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking ''aid to families with dependent children'' and inserting ''assistance under a State program funded under part A of title IV of the Social Security Act''.

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking ''State plan approved under part A of title IV'' and inserting ''State program funded under part A of title IV''.

(n) The Job Training Partnership Act (29 U.S.C. 1501 et seq.) is amended—

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking ''(42 U.S.C. 601 et seq.)'';

(2) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking ''State aid to families with dependent children records,'' and inserting ''records collected under the State program funded under part A of title IV of the Social Security Act,'';

(3) in section 121(b)(2) (29 U.S.C. 1531(b)(2))—

(A) by striking ''the JOBS program'' and inserting ''the work activities required under title IV of the Social Security Act''; and

(B) by striking the second sentence;

(4) in section 123(c) (29 U.S.C. 1533(c))—

(A) in paragraph (1)(E), by repealing clause (vi); and

(B) in paragraph (2)(D), by repealing clause (v);

(5) in section 203(b)(3) (29 U.S.C. 1603(b)(3)), by striking '', including recipients under the JOBS program'';

(6) in subparagraphs (A) and (B) of section 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by striking ''(such as the JOBS program)'' each place it appears;

(7) in section 205(a) (29 U.S.C. 1605(a)), by striking paragraph (4) and inserting the following:

''(4) the portions of title IV of the Social Security Act relating to work activities;'';

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (C); and

(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking ''the JOBS program or'' each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking ''(such as the JOBS program)'' each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking ''and the JOBS program'' each place it appears;

(10) in section 265(b) (29 U.S.C. 1645(b)), by striking paragraph (6) and inserting the following:

''(6) the portion of title IV of the Social Security Act relating to work activities;'';

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking ''and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))'';

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking ''JOBS and'';

(13) in section 455(b) (29 U.S.C. 1735(b)), by striking ''the JOBS program,'';

(14) in section 501(1) (29 U.S.C. 1791(1)), by striking ''aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)'' and inserting ''assistance under the State program funded under part A of title IV of the Social Security Act'';

(15) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking ''aid to families with dependent children'' and inserting ''assistance under the State program funded'';

(16) in section 508(a)(2)(A) (29 U.S.C. 1791g(a)(2)(A)), by striking ''aid to families with dependent children'' and inserting ''assistance under the State program funded''; and

(17) in section 701(b)(2)(A) (29 U.S.C. 1792(b)(2)(A))—

(A) in clause (v), by striking the semicolon and inserting ''; and''; and

(B) by striking clause (vi).

(o) Section 3803(c)(2)(C)(iv) of title 31, United States Code, is amended to read as follows:

''(iv) assistance under a State program funded under part A of title IV of the Social Security Act''.

(p) Section 2605(b)(2)(A)(i) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i)) is amended to read as follows:

''(i) assistance under the State program funded under part A of title IV of the Social Security Act;''.

(q) Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(1) by striking ''(A)''; and

(2) by striking subparagraphs (B) and (C).

(r) The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.)) is amended—

(1) in section 255(h) (2 U.S.C. 905(h), by striking ''Aid to families with dependent children (75–0412–0–1–609);'' and inserting

''Block grants to States for temporary assistance for needy families;''; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (*l*) as subsection (k).

(s) The Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended—

(1) in section 210(f) (8 U.S.C. 1160(f)), by striking ''aid under a State plan approved under'' each place it appears and inserting ''assistance under a State program funded under'';

(2) in section 245A(h) (8 U.S.C. 1255a(h))—

(A) in paragraph (1)(A)(i), by striking ''program of aid to families with dependent children'' and inserting ''State program of assistance''; and

(B) in paragraph (2)(B), by striking ''aid to families with dependent children'' and inserting ''assistance under a State program funded under part A of title IV of the Social Security Act''; and

(3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by striking ''State plan approved'' and inserting ''State program funded''.

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking ''program of aid to families with dependent children under a State plan approved'' and inserting ''State program of assistance funded''.

(u) Section 9 of the Act of April 19, 1950 (64 Stat. 47, chapter 92; 25 U.S.C. 639) is repealed.

(v) Subparagraph (E) of section 213(d)(6) of the School-To-Work Opportunities Act of 1994 (20 U.S.C. 6143(d)(6)) is amended to read as follows:

''(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities;''.

**SEC. 109. STUDY OF EFFECT OF WELFARE REFORM ON GRANDPARENTS AS PRIMARY CAREGIVERS.**

(a) IN GENERAL.—The Secretary of Health and Human Services (hereafter in this section referred to as the ''Secretary'') shall conduct a study evaluating the impact of amendments made by this Act on grandparents who have assumed the responsibility of providing care to their grandchildren. In such study, the Secretary shall identify barriers to participation in public programs including inconsistent policies, standards, and definitions used by programs and agencies in the administration of medicaid, assistance under a State program funded under part A of title IV of the Social Security Act, child support enforcement, and foster care programs on grandparents who have assumed the care-giving role for children whose natural parents are unable to provide care.

(b) REPORT.—Not later than December 31, 1997, the Secretary shall submit a report setting forth the findings of the study described in subsection (a) to the Committee on Ways and Means and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Finance, the Committee on Labor and Human Resources, and the Special Committee on Aging of the Senate. The report shall include such recommendations for administrative or legislative changes as the Secretary considers appropriate.

**SEC. 110. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

(a) IN GENERAL.—Whenever an organization that accepts Federal funds under this Act or the amendments made by this Act makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public advertising, such communication shall state the following: ''This was prepared and paid for by an organization that accepts taxpayer dollars.''.

(b) FAILURE TO COMPLY.—If an organization makes any communication described in subsection (a) and fails to provide the statement required by that subsection, such organization shall be ineligible to receive Federal funds under this Act or the amendments made by this Act.

(c) DEFINITION.—For purposes of this section, the term ''organization'' means an organization described in section 501(c) of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATES.—This section shall take effect—

(1) with respect to printed communications 1 year after the date of enactment of this Act; and

(2) with respect to any other communication on the date of enactment of this Act.

**SEC. 111. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.**

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

**SEC. 112. EFFECTIVE DATE; TRANSITION RULE.**

(a) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 1995.

(b) TRANSITION RULE.—

(1) STATE OPTION TO CONTINUE AFDC PROGRAM.—

(A) 9-MONTH EXTENSION.—A State may continue a State program under parts A and F of title IV of the Social Security Act, as in effect on September 30, 1995 (for purposes of this paragraph, the ''State AFDC program'') until June 30, 1996.

(B) REDUCTION OF FISCAL YEAR 1996 GRANT.—In the case of any State opting to continue the State AFDC program pursuant to subparagraph (A), the State family assistance grant paid to such State under section 403(a) of the Social Security Act (as added by section 101 and as in effect on and after October 1, 1995) for fiscal year 1996 (after the termination of the State AFDC program) shall be reduced by an amount equal to the total Federal payment to such State under section 403 of the Social Security Act (as in effect on September 30, 1995) for such fiscal year.

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this title shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this title under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(c) SUNSET.—The amendment made by section 101(b) shall be effective only during the 5-year period beginning on October 1, 1995.

## TITLE II—SUPPLEMENTAL SECURITY INCOME

### Subtitle A—Eligibility Restrictions

**SEC. 201. DENIAL OF SUPPLEMENTAL SECURITY INCOME BENEFITS BY REASON OF DISABILITY TO DRUG ADDICTS AND ALCOHOLICS.**

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following:

''(I) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.''.

(b) REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

''(II) In the case of an individual eligible for benefits under this title by reason of disability, if such individual also has an alcoholism or drug addiction condition (as determined by the Commissioner of Social Security), the payment of such benefits to a representative payee shall be deemed to serve the interest of the individual. In any case in which such payment is so deemed under this subclause to serve the interest of an individual, the Commissioner shall include, in the individual's notification of such eligibility, a notice that such alcoholism or drug addiction condition accompanies the disability upon which such eligibility is based and that the Commissioner is therefore required to pay the individual's benefits to a representative payee.''.

(2) Section 1631(a)(2)(B)(vii) (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking ''eligible for benefits'' and all that follows through ''is disabled'' and inserting ''described in subparagraph (A)(ii)(II)''.

(3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C. 1383(a)(2)(B)(ix)(II)) is amended by striking all that follows ''15 years, or'' and inserting ''described in subparagraph (A)(ii)(II)''.

(4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking ''eligible for benefits'' and all that follows through ''is disabled'' and inserting ''described in subparagraph (A)(ii)(II)''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1611(e) (42 U.S.C. 1382(e)) is amended by striking paragraph (3).

(2) Section 1634 (42 U.S.C. 1383c) is amended by striking subsection (e).

(3) Section 201(c)(1) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is amended—

(A) by striking ''—'' and all that follows through ''(A)'' the 1st place it appears;

(B) by striking ''and'' the 3rd place it appears;

(C) by striking subparagraph (B);

(D) by striking ''either subparagraph (A) or subparagraph (B)'' and inserting ''the preceding sentence''; and

(E) by striking ''subparagraph (A) or (B)'' and inserting ''the preceding sentence''.

**SEC. 202. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.**

Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking ''either'' and all that follows through '', or'' and inserting ''(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or''; and

(2) by adding at the end the following new flush sentence:

''For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.''.

**SEC. 203. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.**

Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

''(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.''.

**SEC. 204. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.**

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 201(c)(1), is amended by inserting after paragraph (2) the following new paragraph:

''(3) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

''(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(B) violating a condition of probation or parole imposed under Federal or State law.''.

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

''(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(A) the recipient—

''(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

''(ii) is violating a condition of probation or parole imposed under Federal or State law; or

''(iii) has information that is necessary for the officer to conduct the officer's official duties; and

''(B) the location or apprehension of the recipient is within the officer's official duties.''.

**SEC. 205. EFFECTIVE DATES; APPLICATION TO CURRENT RECIPIENTS.**

(a) SECTIONS 201 AND 202.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by sections 201 and 202 shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by section 201 or 202, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act, as amended by this title, shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title.

(3) ADDITIONAL APPLICATION OF PAYEE REPRESENTATIVE REQUIREMENTS.—The amendments made by section 201(b) shall also apply—

(A) in the case of any individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act, on and after the date of such individual's first continuing disability review occurring after such date of enactment, and

(B) in the case of any individual who receives supplemental security income benefits under title XVI of the Social Security Act and has attained age 65, in such manner as determined appropriate by the Commissioner of Social Security.

(b) OTHER AMENDMENTS.—The amendments made by sections 203 and 204 shall take effect on the date of the enactment of this Act.

## Subtitle B—Benefits for Disabled Children

**SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 201(a), is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

(2) in subparagraph (A), by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)'';

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.''; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

**SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.**

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 211(a)(3), is amended—

(1) by inserting ''(i)'' after ''(H)''; and

(2) by adding at the end the following new clause:

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

''(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

''(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

''(I) during the 1-year period beginning on the individual's 18th birthday; and

''(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.''.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

''(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

''(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

''(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

**SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking ''and'' at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ''; and'', and by adding after subclause (IV) the following new subclause:

''(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.''.

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

''(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

''(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

''(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.''.

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking ''Clause (i)'' and inserting ''Subclauses (II) and (III) of clause (i)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

''(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

''(I) education and job skills training;

''(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

''(III) appropriate therapy and rehabilitation.''.

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking ''and'' at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting ''; and'', and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

''(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

## Subtitle C—Studies Regarding Supplemental Security Income Program

**SEC. 221. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.**

Title XVI is amended by adding at the end the following new section:

**''SEC. 1636. ANNUAL REPORT ON PROGRAM.**

''(a) DESCRIPTION OF REPORT.—Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

''(1) a comprehensive description of the program;

''(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

''(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

''(4) projections of future number of recipients and program costs, through at least 25 years;

''(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

''(6) data on the utilization of work incentives;

''(7) detailed information on administrative and other program operation costs;

''(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

''(9) State supplementation program operations;

''(10) a historical summary of statutory changes to this title; and

''(11) such other information as the Commissioner deems useful.

''(b) VIEWS OF MEMBERS OF THE SOCIAL SECURITY ADVISORY COUNCIL.—Each member of the Social Security Advisory Council shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section.''.

**SEC. 222. IMPROVEMENTS TO DISABILITY EVALUATION.**

(a) REQUEST FOR COMMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(A) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(B) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(C) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(D) any other changes to the disability determination procedures.

(2) REVIEW AND REGULATORY ACTION.—The Commissioner of Social Security shall promptly review such comments and issue any regulations implementing any necessary changes not later than 18 months after the date of the enactment of this Act.

**SEC. 223. STUDY OF DISABILITY DETERMINATION PROCESS.**

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

**SEC. 224. STUDY BY GENERAL ACCOUNTING OFFICE.**

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act.

## Subtitle D—National Commission on the Future of Disability

**SEC. 231. ESTABLISHMENT.**

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the ''Commission''), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

**SEC. 232. DUTIES OF THE COMMISSION.**

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

**SEC. 233. MEMBERSHIP.**

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

**SEC. 234. STAFF AND SUPPORT SERVICES.**

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

**SEC. 235. POWERS OF COMMISSION.**

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money

and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

**SEC. 236. REPORTS.**

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 237, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

**SEC. 237. TERMINATION.**

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

## Subtitle E—State Supplementation Programs

**SEC. 241. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.**

(a) IN GENERAL.—Section 1618 (42 U.S.C. 1382g) is repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply with respect to calendar quarters beginning after September 30, 1995.

# TITLE III—FOOD STAMP PROGRAM

## Subtitle A—Food Stamp Reform

**SEC. 301. CERTIFICATION PERIOD.**

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking ''Except as provided'' and all that follows and inserting the following: ''The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly, disabled, or primarily self-employed. A State agency shall have at least 1 personal contact with each certified household every 12 months.''.

**SEC. 302. TREATMENT OF CHILDREN LIVING AT HOME.**

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking ''(who are not themselves parents living with their children or married and living with their spouses)''.

**SEC. 303. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE HOUSEHOLD DETERMINATIONS.**

(a) IN GENERAL.—Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by inserting after the third sentence the following: ''Notwithstanding the preceding sentences, a State may establish criteria that prescribe when individuals who live together, and who would be allowed to participate as separate households under the preceding sentences, shall be considered a single household, without regard to the common purchase of food and preparation of meals.''.

(b) CONFORMING AMENDMENT.—The second sentence of section 5(a) of the Act (7 U.S.C. 2014(a)) is amended by striking ''the third sentence of section 3(i)'' and inserting ''the fourth sentence of section 3(i)''.

**SEC. 304. ADJUSTMENT OF THRIFTY FOOD PLAN.**

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking ''shall (1) make'' and inserting the following: ''shall—

''(1) make'';

(2) by striking ''scale, (2) make'' and inserting ''scale;

''(2) make'';

(3) by striking ''Alaska, (3) make'' and inserting the following: ''Alaska;

''(3) make''; and

(4) by striking ''Columbia, (4) through'' and all that follows through the end of the subsection and inserting the following: ''Columbia; and

''(4) on October 1, 1995, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1995, the Secretary may not reduce the cost of the diet in effect on September 30, 1995.''.

**SEC. 305. DEFINITION OF HOMELESS INDIVIDUAL.**

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting ''for not more than 90 days'' after ''temporary accommodation''.

**SEC. 306. STATE OPTIONS IN REGULATIONS.**

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking ''(b) The Secretary'' and inserting the following:

''(b) UNIFORM STANDARDS.—Except as otherwise provided in this Act, the Secretary''.

**SEC. 307. EARNINGS OF STUDENTS.**

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking ''21'' and inserting ''19''.

**SEC. 308. ENERGY ASSISTANCE.**

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking paragraph (11); and

(2) by redesignating paragraphs (12) through (15) as paragraphs (11) through (14), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(k) of the Act (7 U.S.C. 2014(k)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''plan for aid to families with dependent children approved'' and inserting ''program funded''; and

(ii) in subparagraph (B), by striking '', not including energy or utility-cost assistance,''; and

(B) in paragraph (2)—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively;

(C) by adding at the end the following:

''(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

''(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a Federal or State law to provide energy assistance to a household shall be considered money payable directly to the household.

''(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(7), an expense paid on behalf of a household under a Federal or State law to provide energy assistance shall be considered an out-of-pocket expense incurred and paid by the household.''.

(2) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

(A) by striking ''(f)(1) Notwithstanding'' and inserting ''(f) Notwithstanding'';

(B) in paragraph (1), by striking ''food stamps,''; and

(C) by striking paragraph (2).

**SEC. 309. DEDUCTIONS FROM INCOME.**

(a) IN GENERAL.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by striking subsection (e) and inserting the following:

''(e) DEDUCTIONS FROM INCOME.—

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of—

''(i) for fiscal year 1995, $134, $229, $189, $269, and $118, respectively;

''(ii) for fiscal year 1996, $132, $225, $186, $265, and $116, respectively;

''(iii) for fiscal year 1997, $130, $222, $183, $261, and $114, respectively;

''(iv) for fiscal year 1998, $128, $218, $180, $257, and $112, respectively;

''(v) for fiscal year 1999, $126, $215, $177, $252, and $111, respectively; and

''(vi) for fiscal year 2000, $124, $211, $174, $248, and $109, respectively.

''(B) ADJUSTMENT FOR INFLATION.—On October 1, 2000, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30.

''(2) EARNED INCOME DEDUCTION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a household with earned income shall be allowed a deduction of 20 percent of all earned income (other than income excluded by subsection (d)), to compensate for taxes, other mandatory deductions from salary, and work expenses.

''(B) EXCEPTION.—The deduction described in subparagraph (A) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

''(3) DEPENDENT CARE DEDUCTION.—

''(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

''(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

''(i) expenses paid on behalf of the household by a third party;

''(ii) amounts made available and excluded for the expenses referred to in subparagraph (A) under subsection (d)(3); and

''(iii) expenses that are paid under section 6(d)(4).

''(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

''(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for

an individual who is not a member of the household if the household member is legally obligated to make the payments.

''(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

''(5) HOMELESS SHELTER DEDUCTION.—A State agency may develop a standard homeless shelter deduction, which shall not exceed $139 per month, for such expenses as may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the deduction may use the deduction in determining eligibility and allotments for the households, except that the State agency may prohibit the use of the deduction for households with extremely low shelter costs.

''(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

''(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds $35 per month.

''(B) METHOD OF CLAIMING DEDUCTION.—

''(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting information or verification on actual expenses on a monthly basis.

''(ii) METHOD.—The method described in clause (i) shall—

''(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

''(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

''(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

''(7) EXCESS SHELTER EXPENSE DEDUCTION.—

''(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

''(B) MAXIMUM AMOUNT OF DEDUCTION.—

''(i) PRIOR TO SEPTEMBER 30, 1995.—In the case of a household that does not contain an elderly or disabled individual, during the 15-month period ending September 30, 1995, the excess shelter expense deduction shall not exceed—

''(I) in the 48 contiguous States and the District of Columbia, $231 per month; and

''(II) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $402, $330, $280, and $171 per month, respectively.

''(ii) AFTER SEPTEMBER 30, 1995.—In the case of a household that does not contain an elderly or disabled individual, during the 15-month period ending December 31, 1996, the excess shelter expense deduction shall not exceed—

''(I) in the 48 contiguous States and the District of Columbia, $247 per month; and

''(II) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $429, $353, $300, and $182 per month, respectively.

''(C) STANDARD UTILITY ALLOWANCE.—

''(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

''(ii) RESTRICTIONS ON HEATING AND COOLING EXPENSES.—An allowance for a heating or cooling expense may not be used in the case of a household that—

''(I) does not incur a heating or cooling expense, as the case may be;

''(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

''(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

''(iii) MANDATORY ALLOWANCE.—

''(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

''(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling; and

''(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

''(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

''(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

''(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

''(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

''(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of subparagraph (C)(ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

''(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.''.

(b) CONFORMING AMENDMENT.—Section 11(e)(3) of the Act (7 U.S.C. 2020(e)(3)) is amended by striking ''. Under rules prescribed'' and all that follows through ''verifies higher expenses''.

**SEC. 310. AMOUNT OF VEHICLE ASSET LIMITATION.**

The first sentence of section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking ''through September 30, 1995'' and all that follows through ''such date and on'' and inserting ''and shall be adjusted on October 1, 1996, and''.

**SEC. 311. BENEFITS FOR ALIENS.**

Section 5(i) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)) is amended—

(1) in the first sentence of paragraph (1)—

(A) by inserting ''or who executed such an affidavit or similar agreement to enable the individual to lawfully remain in the United States,'' after ''respect to such individual,''; and

(B) by striking ''for a period'' and all that follows through the period at the end and inserting ''until the end of the period ending on the later of the date agreed to in the affidavit or agreement or the date that is 5 years after the date on which the individual was first lawfully admitted into the United States following the execution of the affidavit or agreement.''; and

(2) in paragraph (2)—

(A) in subparagraph (C)(i), by striking ''of three years after entry into the United States'' and inserting ''determined under paragraph (1)''; and

(B) in subparagraph (D), by striking ''of three years after such alien's entry into the United States'' and inserting ''determined under paragraph (1)''.

**SEC. 312. DISQUALIFICATION.**

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking ''(d)(1) Unless otherwise exempted by the provisions'' and all that follows through the end of paragraph (1) and inserting the following:

''(d) CONDITIONS OF PARTICIPATION.—

''(1) WORK REQUIREMENTS.—

''(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

''(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

''(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

''(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

''(I) the applicable Federal or State minimum wage; or

''(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

''(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

''(v) voluntarily and without good cause—

''(I) quits a job; or

''(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

''(vi) fails to comply with section 20.

''(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

''(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

''(ii) 180 days.

''(C) DURATION OF INELIGIBILITY.—

''(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under subparagraph (A);

''(II) the date that is 1 month after the date the individual became ineligible; or

''(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

''(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under subparagraph (A);

''(II) the date that is 3 months after the date the individual became ineligible; or

''(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

''(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under subparagraph (A);

''(II) the date that is 6 months after the date the individual became ineligible;

''(III) a date determined by the State agency; or

''(IV) at the option of the State agency, permanently.

''(D) ADMINISTRATION.—

''(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

''(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

''(iii) DETERMINATION BY STATE AGENCY.—

''(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

''(aa) the meaning of any term in subparagraph (A);

''(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

''(cc) whether an individual is in compliance with a requirement under subparagraph (A).

''(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

''(v) SELECTING A HEAD OF HOUSEHOLD.—

''(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

''(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

''(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

''(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

''(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.''.

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by striking ''6(d)(1)(i)'' and inserting ''6(d)(1)(A)(i)''.

(2) Section 20 of the Act (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

''(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.''.

**SEC. 313. CARETAKER EXEMPTION.**

Section 6(d)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)) is amended by striking subparagraph (B) and inserting the following: ''(B) a parent or other member of a household with responsibility for the care of (i) a dependent child under the age of 6 or any lower age designated by the State agency that is not under the age of 1, or (ii) an incapacitated person;''.

**SEC. 314. EMPLOYMENT AND TRAINING.**

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (A)—

(A) by striking ''Not later than April 1, 1987, each'' and inserting ''Each'';

(B) by inserting ''work,'' after ''skills, training,''; and

(C) by adding at the end the following: ''Each component of an employment and training program carried out under this paragraph shall be delivered through the statewide workforce development system established in section 711 of the Work Opportunity Act of 1995, unless the component is not available locally through the statewide workforce development system.'';

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: '', except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:'';

(B) in clause (i), by striking ''with terms and conditions'' and all that follows through ''time of application''; and

(C) in clause (iv)—

(i) by striking subclauses (I) and (II); and

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking ''to which the application'' and all that follows through ''30 days or less'';

(B) in clause (ii), by striking ''but with respect'' and all that follows through ''child care''; and

(C) in clause (iii), by striking '', on the basis of'' and all that follows through ''clause (ii)'' and inserting ''the exemption continues to be valid'';

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—

(A) by striking ''(G)(i) The State'' and inserting ''(G) The State''; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking ''(H)(i) The Secretary'' and all that follows through ''(ii) Federal funds'' and inserting ''(H) Federal funds'';

(7) in subparagraph (I)(i)(II), by striking '', or was in operation,'' and all that follows through ''Social Security Act'' and inserting the following: ''), except that no such payment or reimbursement shall exceed the applicable local market rate'';

(8)(A) by striking subparagraphs (K) and (L) and inserting the following:

''(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).''; and

(B) by redesignating subparagraphs (M) and (N) as subparagraphs (L) and (M), respectively; and

(9) in subparagraph (L) (as redesignated by paragraph (8)(B))—

(A) by striking ''(L)(i) The Secretary'' and inserting ''(L) The Secretary''; and

(B) by striking clause (ii).

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(C) shall take effect—

(1) in a State described in section 815(b)(1), on July 1, 1997; and

(2) in any other State, on July 1, 1998.

(c) FUNDING.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended by striking ''(h)(1)(A) The Secretary'' and all that follows through the end of paragraph (1) and inserting the following:

''(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

''(1) IN GENERAL.—

''(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

''(i) for fiscal year 1996, $77,000,000;

''(ii) for fiscal year 1997, $80,000,000;

''(iii) for fiscal year 1998, $83,000,000;

''(iv) for fiscal year 1999, $86,000,000;

''(v) for fiscal year 2000, $89,000,000;

''(vi) for fiscal year 2001, $92,000,000; and

''(vii) for fiscal year 2002, $95,000,000.

''(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(n).

''(C) REALLOCATION.—

''(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

''(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

''(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 in each fiscal year.''.

(d) REPORTS.—Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking ''(5)(A) The Secretary'' and inserting ''(5) The Secretary''; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

**SEC. 315. COMPARABLE TREATMENT FOR DISQUALIFICATION.**

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(1) by redesignating subsection (i) (as added by section 106) as subsection (o); and

(2) by inserting after subsection (h) the following:

''(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

''(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a welfare or public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

''(2) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.''.

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24), by striking ''and'' at the end; and

(2) by adding at the end the following:

''(26) the guidelines the State agency uses in carrying out section 6(i);''.

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking ''that is comparable to a requirement of paragraph (1)''.

**SEC. 316. COOPERATION WITH CHILD SUPPORT AGENCIES.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 315) is further amended by inserting after subsection (i) the following:

''(j) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

''(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

''(A) in establishing the paternity of the child (if the child is born out of wedlock); and

''(B) in obtaining support for—

''(i) the child; or

''(ii) the individual and the child.

''(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

''(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

''(k) NON-CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

''(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified non-custodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

''(A) in establishing the paternity of the child (if the child is born out of wedlock); and

''(B) in providing support for the child.

''(2) REFUSAL TO COOPERATE.—

''(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

''(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

''(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

''(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.''.

**SEC. 317. DISQUALIFICATION FOR CHILD SUPPORT ARREARS.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 316) is further amended by inserting after subsection (k) the following:

''(l) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

''(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

''(A) a court is allowing the individual to delay payment; or

''(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.''.

**SEC. 318. PERMANENT DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.**

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 317) is further amended by inserting after subsection (l) the following:

''(m) PERMANENT DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be permanently ineligible to participate in the food stamp program as a member of any household if the individual is found by a State agency to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under the food stamp program.''.

**SEC. 319. WORK REQUIREMENT.**

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 318) is further amended by inserting after subsection (m) the following:

''(n) WORK REQUIREMENT.—

''(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

''(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

''(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

''(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4) other than a job search program or a job search training program under clause (i) or (ii) of section 6(d)(4)(B).

''(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 6 months during which the individual did not—

''(A) work 20 hours or more per week, averaged monthly; or

''(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency.

''(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

''(A) under 18 or over 50 years of age;

''(B) medically certified as physically or mentally unfit for employment;

''(C) a parent or other member of a household with responsibility for a dependent child; or

''(D) otherwise exempt under section 6(d)(2).

''(4) WAIVER.—

''(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

''(i) has an unemployment rate of over 8 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for the individuals.

''(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.''.

(b) TRANSITION PROVISION.—Prior to October 1, 1996, the term ''preceding 12-month period'' in section 6(n)(2) of the Food Stamp Act of 1977 (as amended by subsection (a)) means the preceding period that begins on October 1, 1995.

**SEC. 320. ELECTRONIC BENEFIT TRANSFERS.**

Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end the following:

''(j) ELECTRONIC BENEFIT TRANSFERS.—

''(1) APPLICABLE LAW.—

''(A) IN GENERAL.—Disclosures, protections, responsibilities, and remedies established by

the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

''(B) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system' means a system under which a governmental entity distributes benefits under this Act or other benefits or payments by establishing accounts to be accessed by recipients of the benefits electronically, including through the use of an automated teller machine, a point-of-sale terminal, or an intelligent benefit card.

''(2) CHARGING FOR ELECTRONIC BENEFIT TRANSFER CARD REPLACEMENT.—

''(A) IN GENERAL.—A State agency may charge an individual for the cost of replacing a lost or stolen electronic benefit transfer card.

''(B) REDUCING ALLOTMENT.—A State agency may collect a charge imposed under subparagraph (A) by reducing the monthly allotment of the household of which the individual is a member.

''(3) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

''(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

''(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.''.

**SEC. 321. MINIMUM BENEFIT.**

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking '', and shall be adjusted'' and all that follows through ''$5''.

**SEC. 322. BENEFITS ON RECERTIFICATION.**

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking ''of more than one month''.

**SEC. 323. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.**

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:

''(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is the aggregate of the initial allotment and the first regular allotment, which shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service or in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.''.

**SEC. 324. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.**

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

''(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

''(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a welfare or public assistance program for the failure to perform an action required under the law or program, for the duration of the reduction—

''(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

''(B) the State agency may reduce the allotment of the household by not more than 25 percent.

''(2) OPTIONAL METHOD.—In carrying out paragraph (1), a State agency may consider, for the duration of a reduction referred to under paragraph (1), the benefits of the household under a welfare or public assistance program before the reduction as income of the household after the reduction.''.

**SEC. 325. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS.**

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

''(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN INSTITUTIONS.—

''(1) IN GENERAL.—In the case of an individual who resides in a homeless shelter, or in an institution or center for the purpose of a drug or alcoholic treatment program, described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

''(A) the institution as an authorized representative for the individual for a period that is less than 1 month; and

''(B) the individual, if the individual leaves the institution.

''(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the shelter, institution, or center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.''.

**SEC. 326. OPERATION OF FOOD STAMP OFFICES.**

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

''(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in which a substantial number of members speak a language other than English.

''(B) In carrying out subparagraph (A), a State agency—

''(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

''(ii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

''(iii) shall consider an application filed on the date the applicant submits an application that contains the name, address, and signature of the applicant; and

''(iv) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State;'';

(B) in paragraph (3) (as amended by section 309(b))—

(i) by striking ''shall—'' and all that follows through ''provide each'' and inserting ''shall provide each''; and

(ii) by striking ''(B) assist'' and all that follows through ''representative of the State agency;'';

(C) by striking paragraph (14) and inserting the following:

''(14) the standards and procedures used by the State agency under section 6(d)(1)(D) to determine whether an individual is eligible to participate under section 6(d)(1)(A);''; and

(D) by striking paragraph (25) and inserting the following:

''(25) a description of the work supplementation or support program, if any, carried out by the State agency under section 16(b);''; and

(2) in subsection (i)—

(A) by striking ''(i) Notwithstanding'' and all that follows through ''(2)'' and inserting the following:

''(i) APPLICATION AND DENIAL PROCEDURES.—

''(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,''; and

(B) by striking ''; (3) households'' and all that follows through ''title IV of the Social Security Act. No'' and inserting a period and the following:

''(2) DENIAL AND TERMINATION.—Other than in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no''.

**SEC. 327. STATE EMPLOYEE AND TRAINING STANDARDS.**

Section 11(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

(1) by striking ''(A)''; and

(2) by striking subparagraphs (B) through (E).

**SEC. 328. EXCHANGE OF LAW ENFORCEMENT INFORMATION.**

Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 315(b)) is further amended—

(1) in paragraph (8)—

(A) by striking ''that (A) such'' and inserting the following: ''that—

''(A) the'';

(B) by striking ''law, (B) notwithstanding'' and inserting the following: ''law;

''(B) notwithstanding'';

(C) by striking ''Act, and (C) such'' and inserting the following: ''Act;

''(C) the''; and

(D) by adding at the end the following:

''(D) notwithstanding any other provision of law, the address, social security number, and, when available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

''(i) the member—

''(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

''(II) has information that is necessary for the officer to conduct the official duties of the officer;

''(ii) the location or apprehension of the member is an official duty of the officer; and

''(iii) the request is being made in the proper exercise of the official duties of the officer; and

''(E) the safeguards shall not prevent compliance with paragraph (27);''; and

(3) by adding at the end the following:

''(27) that the State agency shall furnish the Immigration and Naturalization Service with the name of, address of, and identifying information on any individual the State agency knows is unlawfully in the United States; and''.

**SEC. 329. EXPEDITED COUPON SERVICE.**

Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking ''five days'' and inserting ''7 business days''; and

(B) by inserting ''and'' at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking '', (B), or (C)''.

**SEC. 330. FAIR HEARINGS.**

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(p) WITHDRAWING FAIR HEARING REQUESTS.—A household may withdraw, orally or in writing, a request by the household for a fair hearing under subsection (e)(10). If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the request and providing the household with an opportunity to request a hearing.''.

**SEC. 331. INCOME AND ELIGIBILITY VERIFICATION SYSTEM.**

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) (as amended by section 330) is further amended by adding at the end the following:

''(q) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, a State agency shall not be required to use an income and eligibility verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).''.

**SEC. 332. COLLECTION OF OVERISSUANCES.**

(a) IN GENERAL.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

(1) by striking subsection (b) and inserting the following:

''(b) COLLECTION OF OVERISSUANCES.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

''(A) reducing the allotment of the household;

''(B) withholding unemployment compensation from a member of the household under subsection (c);

''(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

''(D) any other means.

''(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

''(3) HARDSHIPS.—A State agency may not use an allotment reduction under paragraph (1)(A) as a means of collecting an overissuance from a household if the allotment reduction would cause a hardship on the household, as determined by the State agency.

''(4) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall reduce the monthly allotment of the household under paragraph (1)(A) by the greater of—

''(A) 10 percent of the monthly allotment of the household; or

''(B) $10.

''(5) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment.''; and

(2) in subsection (d)—

(A) by striking ''as determined under subsection (b) and except for claims arising from an error of the State agency,'' and inserting '', as determined under subsection (b)(1),''; and

(B) by inserting before the period at the end the following: ''or a Federal income tax refund as authorized by section 3720A of title 31, United States Code''.

(b) CONFORMING AMENDMENT.—Section 11(e)(8) of the Act (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking ''and excluding claims'' and all that follows through ''such section''; and

(2) by inserting before the semicolon at the end the following: ''or a Federal income tax refund as authorized by section 3720A of title 31, United States Code''.

**SEC. 333. TERMINATION OF FEDERAL MATCH FOR OPTIONAL INFORMATION ACTIVITIES.**

(a) IN GENERAL.—Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), respectively.

(b) CONFORMING AMENDMENT.—Section 16(g) of the Act (7 U.S.C. 2025(g)) is amended by striking ''an amount equal to'' and all that follows through ''1991, of'' and inserting ''the amount provided under subsection (a)(5) for''.

**SEC. 334. STANDARDS FOR ADMINISTRATION.**

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the Act (7 U.S.C. 2020(g)) is amended by striking ''the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or''.

(2) Section 16(c)(1)(B) of the Act (7 U.S.C. 2025(c)(1)(B)) is amended by striking ''pursuant to subsection (b)''.

**SEC. 335. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.**

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 334(a)) is further amended by inserting after subsection (a) the following:

''(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

''(1) DEFINITION.—In this subsection, the term 'work supplementation or support program' means a program in which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a new employee who is a public assistance recipient.

''(2) PROGRAM.—A State agency may elect to use amounts equal to the allotment that would otherwise be allotted to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting jobs under a work supplementation or support program established by the State.

''(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

''(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

''(B) the State agency shall expend the amount paid under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

''(C) for purposes of—

''(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

''(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

''(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

''(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

''(5) MAXIMUM LENGTH OF PARTICIPATION.—A work supplementation or support program may not allow the participation of any individual for longer than 6 months, unless the Secretary approves a longer period.''.

**SEC. 336. WAIVER AUTHORITY.**

Section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended—

(1) by striking ''benefits to eligible households, including'' and inserting the following: ''benefits to eligible households. The Secretary may waive the requirements of this Act to the extent necessary to conduct a pilot or experimental project, including a project designed to test innovative welfare reform, promote work, and allow conformity with other Federal, State, and local government assistance programs, except that a project involving the payment of benefits in the form of cash shall maintain the average value of allotments for affected households as a group. Pilot or experimental projects may include''; and

(2) by striking ''The Secretary may waive'' and all that follows through ''sections 5 and 8 of this Act.''.

**SEC. 337. AUTHORIZATION OF PILOT PROJECTS.**

The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

**SEC. 338. RESPONSE TO WAIVERS.**

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

''(C) RESPONSE TO WAIVERS.—

''(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

''(I) approves the waiver request;

''(II) denies the waiver request and explains any modification needed for approval of the waiver request;

''(III) denies the waiver request and explains the grounds for the denial; or

''(IV) requests clarification of the waiver request.

''(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response under clause (i) not later than 60 days after receiving a request for a waiver, the waiver shall be considered approved.

''(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and the grounds for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.''.

**SEC. 339. PRIVATE SECTOR EMPLOYMENT INITIATIVES.**

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by adding at the end the following:

''(m) PRIVATE SECTOR EMPLOYMENT INITIATIVES.—

''(1) ELECTION TO PARTICIPATE.—

''(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may elect to carry out a private sector employment initiative program under this subsection.

''(B) REQUIREMENT.—A State shall be eligible to carry out a private sector employment initiative under this subsection only if not less than 50 percent of the households that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

''(2) PROCEDURE.—A State that has elected to carry out a private sector employment initiative under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be allotted to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

''(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

''(A) has worked in unsubsidized employment in the private sector for not less than the preceding 90 days;

''(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

''(C)(i) is eligible to receive benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) was eligible to receive benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

''(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

''(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.

''(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency shall determine the content of the evaluation.''.

**SEC. 340. REAUTHORIZATION OF APPROPRIATIONS.**

The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1995'' and inserting ''2002''.

**SEC. 341. REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.**

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting the following: ''$1,143,000,000 for each of fiscal years 1995 and 1996, $1,182,000,000 for fiscal year 1997, $1,223,000,000 for fiscal year 1998, $1,266,000,000 for fiscal year 1999, $1,310,000,000 for fiscal year 2000, $1,343,000,000 for fiscal year 2001, and $1,376,000,000 for fiscal year 2002''

**SEC. 342. SIMPLIFIED FOOD STAMP PROGRAM.**

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

**''SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.**

''(a) ELECTION.—Subject to subsection (c), a State agency may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program') under this section.

''(b) OPERATION OF PROGRAM.—

''(1) IN GENERAL.—If a State agency elects to carry out a Program, within the State or a political subdivision of the State—

''(A) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

''(B) subject to subsection (e), benefits under the Program shall be determined under rules and procedures established by the State under—

''(i) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

''(ii) the food stamp program (other than section 25); or

''(iii) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

''(2) SHELTER STANDARD.—The State agency may elect to apply 1 shelter standard to a household that receives a housing subsidy and another shelter standard to a household that does not receive the subsidy.

''(c) APPROVAL OF PROGRAM.—

''(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

''(2) APPROVAL OF PLAN.—

''(A) IN GENERAL.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

''(i) complies with this section; and

''(ii) would not increase Federal costs incurred under this Act.

''(B) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

''(d) INCREASED FEDERAL COSTS.—

''(1) DETERMINATION.—

''(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

''(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

''(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

''(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year, the Secretary shall notify the State agency not later than January 1 of the immediately succeeding fiscal year.

''(3) RETURN OF FUNDS.—

''(A) IN GENERAL.—If the Secretary determines that the Program has increased Federal costs under this Act for a 2-year period, including a fiscal year for which notice was given under paragraph (2) and an immediately succeeding fiscal year, the State agency shall pay to the Treasury of the United States the amount of the increased costs.

''(B) ENFORCEMENT.—If the State agency does not pay an amount due under subparagraph (A) on a date that is not later than 90 days after the date of the determination, the Secretary shall reduce amounts otherwise due to the State agency for administrative costs under section 16(a).

''(e) RULES AND PROCEDURES.—

''(1) IN GENERAL.—Except as provided by paragraph (2), a State may apply—

''(A) the rules and procedures established by the State under—

''(i) the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

''(ii) the food stamp program; or

''(B) the rules and procedures of 1 of the programs to certain matters and the rules and procedures of the other program to all remaining matters.

''(2) STANDARDIZED DEDUCTIONS.—The State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall give consideration to the work expenses, dependent care costs, and shelter costs of participating households.

''(3) REQUIREMENTS.—In operating a Program, the State shall comply with—

''(A) subsections (a) through (g) of section 7;

''(B) section 8(a), except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

''(C) subsections (b) and (d) of section 8;

''(D) subsections (a), (c), (d), and (n) of section 11;

''(E) paragraph (3) of section 11(e), to the extent that the paragraph requires that an eligible household be certified and receive an allotment for the period of application not later than 30 days after filing an application;

''(F) paragraphs (8), (9), (12), (17), (19), (21), and (27) of section 11(e);

''(G) section 11(e)(10) or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

''(H) section 16.''.

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) (as amended by sections 315(b) and 328) is further amended by adding at the end the following:

''(28) the plans of the State agency for operating, at the election of the State, a program under section 24, including—

''(A) the rules and procedures to be followed by the State to determine food stamp benefits;

''(B) how the State will address the needs of households that experience high shelter costs in relation to the incomes of the households; and

''(C) a description of the method by which the State will carry out a quality control system under section 16(c).''.

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Act (7 U.S.C. 2017) (as amended by section 325) is further amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Act (7 U.S.C. 2026) (as amended by section 339) is further amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (m) as subsections (i) through (l), respectively.

**SEC. 343. OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.**

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) (as amended by section 342) is further amended by adding at the end the following:

**''SEC. 25. OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.**

''(a) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

''(1) food assistance to needy individuals and families residing in the State;

''(2) at the option of a State, wage subsidies and payments in return for work for needy individuals under the program;

''(3) funds to operate an employment and training program under section (g)(2) for needy individuals under the program; and

''(4) funds for administrative costs incurred in providing the assistance.

''(b) ELECTION.—

''(1) IN GENERAL.—A State may elect to participate in the program established under subsection (a).

''(2) ELECTION IRREVOCABLE.—A State that elects to participate in the program established under subsection (a) may not subsequently elect to participate in the food stamp program in accordance with any other section of this Act.

''(3) PROGRAM EXCLUSIVE.—A State that is participating in the program established under subsection (a) shall not be subject to, or receive any benefit under, this Act except as provided in this section.

''(c) LEAD AGENCY.—

''(1) DESIGNATION.—A State desiring to receive a grant under this section shall designate, in an application submitted to the Secretary under subsection (d)(1), an appropriate State agency that complies with paragraph (2) to act as the lead agency for the State.

''(2) DUTIES.—

''(A) IN GENERAL.—The lead agency shall—

''(i) administer, either directly, through other State agencies, or through local agencies, the assistance received under this section by the State;

''(ii) develop the State plan to be submitted to the Secretary under subsection (d)(1);

''(iii) in conjunction with the development of the State plan, hold at least 1 hearing in the State to provide to the public an opportunity to comment on the program under the State plan; and

''(iv) coordinate the provision of food assistance under this section with other Federal, State, and local programs.

''(B) DEVELOPMENT OF PLAN.—In the development of the State plan described in subparagraph (A)(ii), the lead agency shall consult with local governments and private sector organizations regarding the plan and design of the State plan so that services are provided in a manner appropriate to local populations.

''(d) APPLICATION AND PLAN.—

''(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including—

''(A) an assurance that the State will comply with the requirements of this section;

''(B) a State plan that meets the requirements of paragraph (3); and

''(C) an assurance that the State will comply with the requirements of the State plan under paragraph (3).

''(2) ANNUAL PLAN.—The State plan contained in the application under paragraph (1) shall be submitted for approval annually.

''(3) REQUIREMENTS OF PLAN.—

''(A) LEAD AGENCY.—The State plan shall identify the lead agency.

''(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

''(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i);

''(ii) at the option of a State, to provide wage subsidies and workfare under section 20(a) (except that any reference in section 20(a) to an allotment shall be considered a reference to the food assistance or benefits in lieu of food assistance received by an individual or family during a month under this section) for needy individuals and families participating in the program;

''(iii) to administer an employment and training program under section (g)(2) for needy individuals under the program and to provide reimbursements to needy individuals and families as would be allowed under section 16(h)(3); and

''(iv) to pay administrative costs incurred in providing the assistance.

''(C) GROUPS SERVED.—The State plan shall describe how the program will serve specific groups of individuals and families and how the treatment will differ from treatment under the food stamp program under the other sections of this Act of the individuals and families, including—

''(i) elderly individuals and families;

''(ii) migrants or seasonal farmworkers;

''(iii) homeless individuals and families;

''(iv) individuals and families who live under the supervision of institutions (other than incarcerated individuals);

''(v) individuals and families with earnings; and

''(vi) members of Indian tribes or tribal organizations.

''(D) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.

''(E) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

''(F) OTHER ASSISTANCE.—

''(i) COORDINATION.—The State plan may coordinate assistance received under this section with assistance provided under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(ii) PENALTIES.—If an individual or family is penalized for violating part A of title IV of the Act, the State plan may reduce the amount of assistance provided under this section or otherwise penalize the individual or family.

''(G) ASSESSMENT OF NEEDS.—The State plan shall assess the food and nutrition needs of needy persons residing in the State.

''(H) ELIGIBILITY LIMITATIONS.—The State plan shall describe the income and resource eligibility limitations that are established for the receipt of assistance under this section.

''(I) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system to verify and otherwise ensure that no individual or family shall receive benefits under this section in more than 1 jurisdiction within the State.

''(J) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

''(K) OTHER INFORMATION.—The State plan shall contain such other information as may be required by the Secretary.

''(4) APPROVAL OF APPLICATION AND PLAN.—The Secretary shall approve an application and State plan that satisfies the requirements of this section.

''(e) LIMITATIONS ON STATE ALLOTMENTS.—

''(1) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO ASSISTANCE.—Nothing in this section—

''(A) entitles any individual or family to assistance under this section; or

''(B) limits the right of a State to impose additional limitations or conditions on assistance under this section.

''(2) CONSTRUCTION OF FACILITIES.—No funds made available under this section shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building or facility.

''(f) BENEFITS FOR ALIENS.—

''(1) ELIGIBILITY.—No individual shall be eligible to receive benefits under a State plan approved under subsection (d)(4) if the individual is not eligible to participate in the food stamp program under section 6(f).

''(2) INCOME.—The State plan shall provide that the income of an alien shall be determined in accordance with section 5(i).

''(g) EMPLOYMENT AND TRAINING.—

''(1) WORK REQUIREMENTS.—No individual or member of a family shall be eligible to receive benefits under a State plan funded under this section if the individual is not eligible to participate in the food stamp program under subsection (d) or (n) of section 6.

''(2) WORK PROGRAMS.—Each State shall implement an employment and training program under section 6(d)(4) for needy individuals under the program.

''(h) ENFORCEMENT.—

''(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan approved under subsection (d)(4).

''(2) NONCOMPLIANCE.—

''(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

''(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (d)(4); or

''(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section;

the Secretary shall notify the State of the finding and that no further payments will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

''(B) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

''(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

''(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

''(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

''(B) imposing sanctions under this section.

''(4) INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—The Secretary may withhold not more than 5 percent of the amount allotted to a State under subsection (l)(2) if the State does not use an income and eligibility verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).

''(i) PAYMENTS.—

''(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under

subsection (d)(4) an amount that is equal to the allotment of the State under subsection (l)(2) for the fiscal year.

''(2) METHOD OF PAYMENT.—The Secretary shall make payments to a State for a fiscal year under this section by issuing 1 or more letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary.

''(3) SPENDING OF FUNDS BY STATE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), payments to a State from an allotment under subsection (l)(2) for a fiscal year may be expended by the State only in the fiscal year.

''(B) CARRYOVER.—The State may reserve up to 10 percent of an allotment under subsection (l)(2) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total allotment received under this section for a fiscal year.

''(4) FOOD ASSISTANCE AND ADMINISTRATIVE EXPENDITURES.—In each fiscal year, of the Federal funds expended by a State under this section—

''(A) not less than 80 percent shall be for food assistance; and

''(B) not more than 6 percent shall be for administrative expenses.

''(5) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State to provide food assistance to needy individuals and families in the State, such as electronic benefits transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

''(6) DEFINITION OF FOOD ASSISTANCE.—In this section, the term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).

''(j) AUDITS.—

''(1) REQUIREMENT.—After the close of each fiscal year, a State shall arrange for an audit of the expenditures of the State during the program period from amounts received under this section.

''(2) INDEPENDENT AUDITOR.—An audit under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.

''(3) PAYMENT ACCURACY.—Each annual audit under this section shall include an audit of payment accuracy under this section that shall be based on a statistically valid sample of the caseload in the State.

''(4) SUBMISSION.—Not later than 30 days after the completion of an audit under this section, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

''(5) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this section to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts against any other amount paid to the State under this section.

''(k) NONDISCRIMINATION.—

''(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

''(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).

''(l) ALLOTMENTS.—

''(1) DEFINITION OF STATE.—In this section, the term 'State' means each of the 50 States, the District of Columbia, Guam, and the Virgin Islands of the United States.

''(2) STATE ALLOTMENT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 of this Act for each fiscal year, the Secretary shall allot to each State participating in the program established under this section an amount that is equal to the sum of—

''(i) the greater of, as determined by the Secretary—

''(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 1994; or

''(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 1992 through 1994; and

''(ii) the greater of, as determined by the Secretary—

''(I) the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for fiscal year 1994; or

''(II) the average per fiscal year of the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for each of fiscal years 1992 through 1994.

''(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.''.

(b) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) (as amended by section 339 and 342(c)(2)) is further amended by adding at the end the following:

''(m) RESEARCH ON OPTIONAL STATE FOOD ASSISTANCE BLOCK GRANT.—The Secretary may conduct research on the effects and costs of a State program carried out under section 25.''.

**SEC. 344. EFFECTIVE DATE.**

Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall become effective on October 1, 1995.

## Subtitle B—Anti-Fraud and Trafficking

**SEC. 351. EXPANDED DEFINITION OF COUPON.**

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking ''or type of certificate'' and inserting ''type of certificate, authorization card, cash or check issued as a coupon, or access device, including an electronic benefits transfer card or a personal identification number,''.

**SEC. 352. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.**

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i), by striking ''six months upon'' and inserting ''1 year on''; and

(2) in clause (ii), by striking ''1 year upon'' and inserting ''2 years on''.

**SEC. 353. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.**

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

''(3) AUTHORIZATION PERIODS.—The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.''.

**SEC. 354. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.**

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) (as amended by section 353) is further amended by adding at the end the following:

''(4) PERIODS FOR PARTICIPATION OF STORES AND CONCERNS.—The Secretary may issue regulations establishing specific time periods during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied, or that has an approval withdrawn, on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.''.

**SEC. 355. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.**

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting '', which may include relevant income and sales tax filing documents,'' after ''submit information'' ; and

(2) by inserting after the first sentence the following: ''The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.''.

**SEC. 356. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.**

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: ''A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months after the date of the denial.''.

**SEC. 357. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended—

(1) by striking the section heading;

(2) by striking ''SEC. 12 (a) Any'' and inserting the following:

**''SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.**

''(a) DISQUALIFICATION.—

''(1) IN GENERAL.—Any''; and

(3) in subsection (a), by adding at the end the following:

''(2) BASIS.—Regulations issued pursuant to this Act shall provide criteria for the finding of a violation, and the suspension or disqualification of a retail food store or wholesale food concern, on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.''.

**SEC. 358. DISQUALIFICATION OF STORES PENDING JUDICIAL AND ADMINISTRATIVE REVIEW.**

(a) AUTHORITY.—Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) (as amended by section 357) is further amended by adding at the end the following:

''(3) DISQUALIFICATION PENDING REVIEW.—The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program that would result in a permanent disqualification. The suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.''.

(b) REVIEW.—Section 14(a) of the Act (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking ''disqualified or subjected'' and inserting ''suspended, disqualified, or subjected'';

(2) in the fifth sentence, by inserting before the period at the end the following: '', except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a)(3), the suspension shall remain in effect pending any judicial or administrative review of the proposed disqualification action, and the period of suspension shall be considered a part of any period of disqualification that is imposed''; and

(3) by striking the last sentence.

**SEC. 359. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

''(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

''(2) TERMS.—A disqualification under paragraph (1)—

''(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

''(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

''(C) notwithstanding section 14, shall not be subject to judicial or administrative review.''.

**SEC. 360. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.**

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) (as amended by section 359) is further amended by adding at the end the following:

''(h) FALSIFIED APPLICATIONS.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an application for approval to accept and redeem coupons that contains false information about a substantive matter that was, or could have been, a basis for approving the application.

''(2) REVIEW.—A disqualification under paragraph (1) shall be subject to judicial and administrative review under section 14, except that the disqualification shall remain in effect pending the review.''.

**SEC. 361. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.**

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking ''or intended to be furnished''.

(b) CRIMINAL FORFEITURE.—Section 15 of the Act (7 U.S.C. 2024)) is amended by adding at the end the following:

''(h) CRIMINAL FORFEITURE.—

''(A) IN GENERAL.—Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States—

''(i) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

''(ii) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

''(B) SENTENCE.—In imposing a sentence on a person under subparagraph (A), a court shall order that the person forfeit to the United States all property described in this subsection.

''(C) PROCEDURES.—Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

''(3) EXCLUDED PROPERTY.—This subsection shall not apply to property referred to in subsection (g).''.

**SEC. 362. EFFECTIVE DATE.**

This subtitle and the amendments made by this subtitle shall become effective on October 1, 1995.

## TITLE IV—CHILD NUTRITION PROGRAMS

### Subtitle A—Reimbursement Rates

**SEC. 401. TERMINATION OF ADDITIONAL PAYMENT FOR LUNCHES SERVED IN HIGH FREE AND REDUCED PRICE PARTICIPATION SCHOOLS.**

(a) IN GENERAL.—Section 4(b)(2) of the National School Lunch Act (42 U.S.C. 1753(b)(2)) is amended by striking ''except that'' and all that follows through ''2 cents more''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

**SEC. 402. VALUE OF FOOD ASSISTANCE.**

(a) IN GENERAL.—Section 6(e)(1) of the National School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by striking subparagraph (B) and inserting the following:

''(B) ADJUSTMENTS.—

''(i) IN GENERAL.—The value of food assistance for each meal shall be adjusted each July 1 by the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May each year.

''(ii) ADJUSTMENTS.—Except as otherwise provided in this subparagraph, in the case of each school year, the Secretary shall—

''(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the preceding school year;

''(II) adjust the resulting amount in accordance with clause (i); and

''(III) round the result to the nearest lower cent increment.

''(iii) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the value of food assistance for the remainder of the school year by rounding the previously established value of food assistance to the nearest lower cent increment.

''(iv) ADJUSTMENT FOR 1996–97 SCHOOL YEAR.—In the case of the school year beginning July 1, 1996, the value of food assistance shall be the same as the value of food assistance in effect on June 30, 1996.

''(v) ADJUSTMENT FOR 1997–98 SCHOOL YEAR.—In the case of the school year beginning July 1, 1997, the Secretary shall—

''(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the value of food assistance for the school year beginning July 1, 1995;

''(II) adjust the resulting amount to reflect the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May for the most recent 12-month period for which the data are available; and

''(III) round the result to the nearest lower cent increment.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

**SEC. 403. LUNCHES, BREAKFASTS, AND SUPPLEMENTS.**

(a) IN GENERAL.—Section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended—

(1) by designating the second and third sentences as subparagraphs (C) and (D), respectively; and

(2) by striking subparagraph (D) (as so designated) and inserting the following:

''(D) ROUNDING.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

''(i) base the adjustment made under this paragraph on the amount of the unrounded adjustment for the preceding school year;

''(ii) adjust the resulting amount in accordance with subparagraphs (B) and (C); and

''(iii) round the result to the nearest lower cent increment.

''(E) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the rates and factor for the remainder of the school year by rounding the previously established rates and factor to the nearest lower cent increment.

''(F) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the national average payment rates for paid lunches, paid breakfasts, and paid supplements shall be the same as the national average payment rate for paid lunches, paid breakfasts, and paid supplements, respectively, for the school year beginning July 1, 1995, rounded to the nearest lower cent increment.

''(G) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school year beginning July 1, 1998, the Secretary shall—

''(i) base the adjustments made under this paragraph for—

''(I) paid lunches and paid breakfasts on the amount of the unrounded adjustment for paid lunches for the school year beginning July 1, 1995; and

''(II) paid supplements on the amount of the unrounded adjustment for paid supplements for the school year beginning July 1, 1995;

''(ii) adjust each resulting amount in accordance with subparagraph (C); and

''(iii) round each result to the nearest lower cent increment.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

**SEC. 404. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.**

(a) IN GENERAL.—Section 13(b) of the National School Lunch Act (42 U.S.C. 1761(b)) is amended—

(1) by striking ''(b)(1)'' and all that follows through the end of paragraph (1) and inserting the following:

''(b) SERVICE INSTITUTIONS.—

''(1) PAYMENTS.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

''(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

''(i) $2 for each lunch and supper served;

''(ii) $1.20 for each breakfast served; and

''(iii) 50 cents for each meal supplement served.

''(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted each January 1 to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.'';

(2) in the second sentence of paragraph (3), by striking ''levels determined'' and all that follows through ''this subsection'' and inserting ''level determined by the Secretary''; and

(3) by striking paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1996.

**SEC. 405. SPECIAL MILK PROGRAM.**

(a) IN GENERAL.—Section 3(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)) is amended by striking paragraph (8) and inserting the following:

''(8) ADJUSTMENTS.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

''(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the preceding school year;

''(ii) adjust the resulting amount in accordance with paragraph (7); and

''(iii) round the result to the nearest lower cent increment.

''(B) ADJUSTMENT ON JANUARY 1, 1996.—On January 1, 1996, the Secretary shall adjust the minimum rate for the remainder of the school year by rounding the previously established minimum rate to the nearest lower cent increment.

''(C) ADJUSTMENT FOR 1996–97 SCHOOL YEAR.—In the case of the school year beginning July 1, 1996, the minimum rate shall be the same as the minimum rate in effect on June 30, 1996.

''(D) ADJUSTMENT FOR 1997–98 SCHOOL YEAR.—In the case of the school year beginning July 1, 1997, the Secretary shall—

''(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the minimum rate for the school year beginning July 1, 1995;

''(ii) adjust the resulting amount to reflect changes in the Producer Price Index for Fresh Processed Milk published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period for which the data are available; and

''(iii) round the result to the nearest lower cent increment.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

**SEC. 406. FREE AND REDUCED PRICE BREAKFASTS.**

(a) IN GENERAL.—Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended—

(1) in the second sentence of paragraph (1)(B), by striking '', adjusted to the nearest one-fourth cent'' and inserting ''(as adjusted pursuant to section 11(a) of the National School Lunch Act (42 U.S.C. 1759a(a))''; and

(2) in paragraph (2)(B)(ii)—

(A) by striking ''nearest one-fourth cent'' and inserting ''nearest lower cent increment for the applicable school year''; and

(B) by inserting before the period at the end the following: '', and the adjustment required by this clause shall be based on the unrounded adjustment for the preceding school year''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on July 1, 1996.

**SEC. 407. CONFORMING REIMBURSEMENT FOR PAID BREAKFASTS AND LUNCHES.**

(a) IN GENERAL.—The last sentence of section 4(b)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(B)) is amended by striking ''8.25 cents'' and all that follows through ''Act)'' and inserting ''the same as the national average lunch payment for paid meals established under section 4(b) of the National School Lunch Act (42 U.S.C. 1753(b))''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1996.

## Subtitle B—Grant Programs

**SEC. 411. SCHOOL BREAKFAST STARTUP GRANTS.**

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsection (g).

**SEC. 412. NUTRITION EDUCATION AND TRAINING PROGRAMS.**

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended by striking ''$10,000,000'' and inserting ''$7,000,000''.

**SEC. 413. EFFECTIVE DATE.**

The amendments made by this subtitle shall become effective on October 1, 1996.

## Subtitle C—Other Amendments

**SEC. 421. FREE AND REDUCED PRICE POLICY STATEMENT.**

(a) SCHOOL LUNCH PROGRAM.—Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)) is amended by adding at the end the following:

''(D) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.''.

(b) SCHOOL BREAKFAST PROGRAM.—Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

''(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.''.

**SEC. 422. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.**

(a) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the National School Lunch Act (42 U.S.C. 1761(f)) is amended—

(1) by striking ''(f) Service'' and inserting the following:

''(f) NUTRITIONAL STANDARDS.—

''(1) IN GENERAL.—Service''; and

(2) by adding at the end the following:

''(2) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.''.

(b) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the Act is amended by striking ''and its plans and schedule'' and inserting ''except that the Secretary may not require a State to submit a plan or schedule''.

**SEC. 423. CHILD AND ADULT CARE FOOD PROGRAM.**

(a) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) by striking ''and'' at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(3) by adding at the end the following:

''(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited, managed, or monitored.''.

(b) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking ''(3)(A) Institutions'' and all that follows through the end of subparagraph (A) and inserting the following:

''(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(A) REIMBURSEMENT FACTOR.—

''(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

''(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

''(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

''(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

''(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

''(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for

free or reduced price meals under section 9 and whose income is verified by the sponsoring organization of the home under regulations established by the Secretary.

''(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

''(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

''(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

''(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

''(I) IN GENERAL.—

''(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

''(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

''(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

''(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

''(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

''(III) INFORMATION AND DETERMINATIONS.—

''(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

''(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

''(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

''(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

''(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

''(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

''(cc) Such other simplified procedures as the Secretary may prescribe.

''(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.''.

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

''(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

''(i) IN GENERAL.—

''(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

''(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

''(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

''(bb) training and other assistance to family and group day care homes in the implementation of the amendments to subparagraph (A) made by section 423(b)(1) of the Work Opportunity Act of 1995.

''(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

''(I) $30,000 in base funding to each State; and

''(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

''(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

''(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 423(b)(1) of the Work Opportunity Act of 1995).''.

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act (as amended by paragraph (2)) is further amended by adding at the end the following:

''(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

''(ii) SCHOOL DATA.—

''(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide data for each elementary school in the State, or shall direct each school within the State to provide data for the school, to approved family or group day care home sponsoring organizations that request the data, on the percentage of enrolled children who are eligible for free or reduced price meals.

''(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

''(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall

remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.''.

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting ''except as provided in subsection (f)(3),'' after ''For purposes of this section,'' each place it appears in paragraphs (1), (2), and (3).

(c) DISALLOWING MEAL CLAIMS.—The fourth sentence of section 17(f)(4) of the Act is amended by inserting ''(including institutions that are not family or group day care home sponsoring organizations)'' after ''institutions''.

(d) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

''(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (b) shall become effective on August 1, 1996.

**SEC. 424. REDUCING REQUIRED REPORTS TO STATE AGENCIES AND SCHOOLS.**

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is amended by striking subsection (c) and inserting the following:

''(c) REPORT.—Not later than 1 year after the date of enactment of the Work Opportunity Act of 1995, the Secretary shall—

''(1) review all reporting requirements under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) that are in effect, as of the date of enactment of the Work Opportunity Act of 1995, for agencies and schools referred to in subsection (a); and

''(2) provide a report to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that—

''(A) describes the reporting requirements described in paragraph (1) that are required by law;

''(B) makes recommendations concerning the elimination of any requirement described in subparagraph (A) because the contribution of the requirement to program effectiveness is not sufficient to warrant the paperwork burden that is placed on agencies and schools referred to in subsection (a); and

''(C) provides a justification for reporting requirements described in paragraph (1) that are required solely by regulation.''.

**Subtitle D—Reauthorization**

**SEC. 431. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) ADMINISTRATIVE FUNDING.—Section 5(a)(2) of the Act (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

**SEC. 432. EMERGENCY FOOD ASSISTANCE PROGRAM.**

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) PROGRAM TERMINATION.—Section 212 of the Act (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Act (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (e), by striking ''1995'' each place it appears and inserting ''2002''.

(d) EXTENSION.—Section 13962 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 107 Stat. 680) is amended by striking ''1994, 1995, and 1996'' each place it appears and inserting ''1994 through 2002''.

**SEC. 433. SOUP KITCHENS PROGRAM.**

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking ''1995'' and inserting ''2002''; and

(B) by striking ''1995'' each place it appears and inserting ''2002''.

**SEC. 434. NATIONAL COMMODITY PROCESSING.**

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking ''1995'' and inserting ''2002''.

**SEC. 435. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

Section 5(d)(2) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

**TITLE V—NONCITIZENS**

**SEC. 501. STATE OPTION TO PROHIBIT ASSISTANCE FOR CERTAIN ALIENS.**

(a) IN GENERAL.—A State may, at its option, prohibit the use of any Federal funds received for the provision of assistance under any means-tested public assistance program for any individual who is a noncitizen of the United States.

(b) EXCEPTIONS.—Subsection (a) shall not apply to—

(1) any individual who is described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)); and

(2) any program described in section 502(f)(2).

**SEC. 502. DEEMED INCOME REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS.**

(a) DEEMING REQUIREMENT FOR FEDERAL AND FEDERALLY FUNDED PROGRAMS.—Subject to subsection (d), for purposes of determining the eligibility of an individual (whether a citizen or national of the United States or an alien) for assistance and the amount of assistance, under any Federal program of assistance provided or funded, in whole or in part, by the Federal Government for which eligibility is based on need, the income and resources described in subsection (b) shall, notwithstanding any other provision of law, be deemed to be the income and resources of such individual.

(b) DEEMED INCOME AND RESOURCES.—The income and resources described in this subsection include the following:

(1) The income and resources of any person who, as a sponsor of such individual's entry into the United States, or in order to enable such individual lawfully to remain in the United States, executed an affidavit of support or similar agreement with respect to such individual.

(2) The income and resources of the sponsor's spouse.

(c) LENGTH OF DEEMING PERIOD.—The requirement of subsection (a) shall apply for the period for which the sponsor has agreed, in such affidavit or agreement, to provide support for such individual, or for a period of 5 years beginning on the date such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer.

(d) LIMITATION ON MEASUREMENT OF DEEMED INCOME AND RESOURCES.—

(1) IN GENERAL.—If a determination described in paragraph (2) is made, the amount of income and resources of the sponsor or the sponsor's spouse which shall be attributed to the sponsored individual shall not exceed the amount actually provided, for a period beginning on the date of such determination and lasting 12 months or, if the address of the sponsor is unknown to the sponsored individual on the date of such determination, for 12 months after the address becomes known to the sponsored individual or to the agency (which shall inform such individual within 7 days).

(2) DETERMINATION.—The determination described in this paragraph is a determination by an agency that a sponsored individual would, in the absence of the assistance provided by the agency, be unable to obtain food and shelter, taking into account the individual's own income, plus any cash, food, housing, or other assistance provided by other individuals, including the sponsor.

(e) DEEMING AUTHORITY TO STATE AND LOCAL AGENCIES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, but subject to an exception equivalent to that in subsection (d), the State or local government may, for purposes of determining the eligibility of an individual (whether a citizen or national of the United States or an alien) for assistance, and the amount of assistance, under any State or local program of assistance for which eligibility is based on need, or any need-based program of assistance administered by a State or local government other than a program described in subsection (a), require that the income and resources described in paragraph (2) be deemed to be the income and resources of such individual.

(2) DEEMED INCOME AND RESOURCES.—The income and resources described in this paragraph include the following:

(A) The income and resources of any person who, as a sponsor of such individual's entry into the United States, or in order to enable such individual lawfully to remain in the United States, executed an affidavit of support or similar agreement with respect to such individual.

(B) The income and resources of the sponsor's spouse.

(3) LENGTH OF DEEMED INCOME PERIOD.—Subject to an exception equivalent to subsection (d), a State or local government may impose a requirement described in paragraph (1) for the period for which the sponsor has agreed, in such affidavit or agreement, to provide support for such individual, or for a period of 5 years beginning on the date such individual was first lawfully in the United States after the execution of such affidavit or agreement, whichever period is longer.

(f) APPLICABILITY OF SECTION.—

(1) INDIVIDUALS.—The provisions of this section shall not apply to the eligibility of any individual who is described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)).

(2) PROGRAMS.—The provisions of this section shall not apply to eligibility for—

(A) emergency medical services under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

(B) short-term emergency disaster relief;

(C) assistance or benefits under the National School Lunch Act;

(D) assistance or benefits under the Child Nutrition Act of 1966; and

(E) public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases if the Secretary of Health and Human Services determines that such testing and treatment is necessary.

(g) CONFORMING AMENDMENTS.—

(1) Section 1621 of the Social Security Act (42 U.S.C. 1382j) is repealed.

(2) Section 1614(f)(3) of such Act (42 U.S.C. 1382c(f)(3)) is amended by striking ''section 1621'' and inserting ''section 502 of the Work Opportunity Act of 1995''.

**SEC. 503. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.**

(a) ENFORCEABILITY.—No affidavit of support may be relied upon by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) of the Immigration and Nationality Act unless such affidavit is executed as a contract—

(1) which is legally enforceable against the sponsor by the sponsored individual, by the Federal Government, and by any State, district, territory, or possession of the United States (or any subdivision of such State, district, territory, or possession of the United States) which provides any benefit described in clause (1)(A)(ii) of subsection (d), but not later than 10 years after the sponsored individual last receives any such benefit;

(2) in which the sponsor agrees to financially support the sponsored individual, so that he or she will not become a public charge, until the sponsored individual has worked in the United States for 40 qualifying quarters; and

(3) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (d)(2).

(b) FORMS.—Not later than 90 days after the date of enactment of this Act, the Secretary of State, the Attorney General, and the Secretary of Health and Human Services shall jointly formulate the affidavit of support described in this section.

(c) NOTIFICATION OF CHANGE OF ADDRESS.—

(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State, district, territory, or possession in which the sponsored individual is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(1).

(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

(A) not less than $250 or more than $2,000, or

(B) if such failure occurs with knowledge that the sponsored individual has received any benefit described in section 241(a)(5)(C) of the Immigration and Nationality Act, not less than $2,000 or more than $5,000.

(d) REIMBURSEMENT OF GOVERNMENT EXPENSES.—

(1) IN GENERAL.—Upon notification that a sponsored individual has received any benefit described in paragraph (2), the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph include the following:

(A) Assistance under a State program funded under part A of title IV of the Social Security Act.

(B) The medicaid program under title XIX of the Social Security Act.

(C) The food stamp program under the Food Stamp Act of 1977.

(D) The supplemental security income program under title XVI of the Social Security Act.

(E) Any State general assistance program.

(F) Any other program of assistance funded, in whole or in part, by the Federal Government or any State or local government entity, for which eligibility for benefits is based on need, except the programs specified in section 502(f)(2).

(3) REGULATIONS.—The Commissioner of Social Security shall prescribe such regulations as may be necessary to carry out paragraph (1). Such regulations shall provide for notification to the sponsor by certified mail to the sponsor's last known address.

(4) REIMBURSEMENT.—If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

(5) ACTION IN CASE OF FAILURE.—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

(6) STATUTE OF LIMITATIONS.—No cause of action may be brought under this subsection later than 10 years after the sponsored individual last received any benefit under a program described in paragraph (2).

(e) JURISDICTION.—For purposes of this section, no State court shall decline for lack of jurisdiction to hear any action brought against a sponsor for reimbursement of the cost of any benefit under a program described in subsection (d)(2) if the sponsored individual received public assistance while residing in the State.

(f) DEFINITIONS.—For the purposes of this section—

(1) the term ''sponsor'' means an individual who—

(A) is a United States citizen or national or an alien who is lawfully admitted to the United States for permanent residence;

(B) is 18 years of age or over;

(C) is domiciled in any of the several States of the United States, the District of Columbia, or any territory or possession of the United States; and

(D) demonstrates the means to maintain an annual income equal to at least 200 percent of the Federal poverty line for the individual and the individual's family (including the sponsored individual), through evidence that shall include a copy of the individual's Federal income tax returns for his or her most recent two taxable years and a written statement, executed under oath or as permitted under penalty of perjury under section 1746 of title 28, United States Code, that the copies are true copies of such returns; and

(2) the term ''Federal poverty line'' means the level of income equal to the official poverty line (as defined by the Director of the Office of Management and Budget, as revised by the Secretary of Health and Human Services, in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. 9902) that is applicable to a family of the size involved.

(3) the term ''qualifying quarter'' means a three-month period in which the sponsored individual has—

(A) earned at least the minimum necessary for the period to count as one of the 40 calendar quarters required to qualify for social security retirement benefits;

(B) not received need-based public assistance; and

(C) had income tax liability for the tax year of which the period was part.

**SEC. 504. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI BENEFITS.**

(a) IN GENERAL.—Paragraph (1) of section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a)) is amended—

(1) in subparagraph (B)(i), by striking ''either'' and all that follows through '', or'' and inserting ''(I) a citizen; (II) a noncitizen who is granted asylum under section 208 of the Immigration and Nationality Act or whose deportation has been withheld under section 243(h) of such Act for a period of not more than 5 years after the date of arrival into the United States; (III) a noncitizen who is admitted to the United States as a refugee under section 207 of such Act for not more than such 5-year period; (IV) a noncitizen, lawfully present in any State (or any territory or possession of the United States), who is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage or who is the spouse or unmarried dependent child of such veteran; or (V) a noncitizen who has worked sufficient calendar quarters of coverage to be a fully insured individual for benefits under title II, or''; and

(2) by adding at the end the following new flush sentence:

''For purposes of subparagraph (B)(i)(IV), the determination of whether a noncitizen is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. A noncitizen shall not be considered to be lawfully present in the United States for purposes of this title merely because the noncitizen may be considered to be permanently residing in the United States under color of law for purposes of any particular program.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) APPLICATION AND NOTICE.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by subsection (a), such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

(B) REAPPLICATION.—

(i) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, each individual notified pursuant to subparagraph (A) who desires to reapply for benefits under title XVI of the Social Security Act shall reapply to the Commissioner of Social Security.

(ii) DETERMINATION OF ELIGIBILITY.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall determine the eligibility of each individual who reapplies for benefits under clause (i) pursuant to the procedures of such title XVI.

**SEC. 505. TREATMENT OF NONCITIZENS.**

(a) IN GENERAL.—Notwithstanding any other provision of law, a noncitizen who has entered into the United States on or after the date of the enactment of this Act shall not, during the 5-year period beginning on the date of such noncitizen's entry into the

United States, be eligible to receive any benefits under any program of assistance provided, or funded, in whole or in part, by the Federal Government, for which eligibility for benefits is based on need.

(b) EXCEPTIONS.—Subsection (a) shall not apply to—

(1) any individual who is described in subclause (II), (III), (IV), or (V) of section 1614(a)(1)(B)(i) of the Social Security Act (42 U.S.C. 1382c(a)(1)(B)(i)); and

(2) any program described in section 502(f)(2).

## TITLE VI—CHILD CARE

**SEC. 601. SHORT TITLE.**

This title may be cited as the ''Child Care and Development Block Grant Amendments Act of 1995''.

**SEC. 602. AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.**

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

**''SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

''There are authorized to be appropriated to carry out this subchapter $1,000,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.''.

(b) LEAD AGENCY.—Section 658D(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking ''State'' and inserting ''governmental or nongovernmental''; and

(B) in subparagraph (C), by inserting ''with sufficient time and Statewide distribution of the notice of such hearing,'' after ''hearing in the State''; and

(2) in paragraph (2), by striking the second sentence.

(c) APPLICATION AND PLAN.—Section 658E of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c) is amended—

(1) in subsection (b), by striking ''implemented—'' and all that follows through ''plans.'' and inserting ''implemented during a 2-year period.'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (iii) by striking the semicolon and inserting a period; and

(II) by striking ''except'' and all that follows through ''1992.''; and

(ii) in subparagraph (E)—

(I) by striking clause (ii) and inserting the following new clause:

''(ii) the State will implement mechanisms to ensure that appropriate payment mechanisms exist so that proper payments under this subchapter will be made to providers within the State and to permit the State to furnish information to such providers.''; and

(II) by adding at the end thereof the following new sentence: ''In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.''; and

(iii) by striking subparagraphs (H) and (I); and

(B) in paragraph (3)—

(i) in subparagraph (C)—

(I) in the subparagraph heading, by striking ''AND TO INCREASE'' and all that follows through ''CARE SERVICES'';

(II) by striking ''25 percent'' and inserting ''15 percent''; and

(III) by striking ''and to provide before-'' and all that follows through ''658H)''; and

(ii) by adding at the end thereof the following new subparagraph:

''(D) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of payments received under this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all its functions and duties under this subchapter.''.

(d) SLIDING FEE SCALE.—

(1) IN GENERAL.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting before the period the following: ''and that ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance''.

(2) ELIGIBILITY.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking ''75 percent'' and inserting ''100 percent''.

(e) QUALITY.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''A State'' and inserting ''(a) IN GENERAL.—A State'';

(B) by striking ''not less than 20 percent of''; and

(C) by striking ''one or more of the following'' and inserting ''carrying out the resource and referral activities described in subsection (b), and for one or more of the activities described in subsection (c).'';

(2) in paragraph (1), by inserting before the period the following: '', including providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care'';

(3) by striking ''(1) RESOURCE AND REFERRAL PROGRAMS.—Operating'' and inserting the following:

''(b) RESOURCE AND REFERRAL PROGRAMS.—The activities described in this subsection are operating'';

(4) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively;

(5) by inserting before paragraph (1) (as so redesignated) the following:

''(c) OTHER ACTIVITIES.—The activities described in this section are the following:''; and

(6) by adding at the end thereof the following:

''(5) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

''(6) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

''(7) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.

''(d) NONDISCRIMINATION.—With respect to child care providers that comply with applicable State law but which are otherwise not required to be licensed by the State, the State, in carrying out this section, may not discriminate against such a provider if such provider desires to participate in resource and referral activities carried out under subsection (b).''.

(f) REPEAL.—Section 658H of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f) is repealed.

(g) ENFORCEMENT.—Section 658I(b)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858g(b)(2)) is amended—

(1) in the matter following clause (ii) of subparagraph (A), by striking ''finding and that'' and all that follows through the period and inserting ''finding and may impose additional program requirements on the State, including a requirement that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.''; and

(2) by striking subparagraphs (B) and (C).

(h) REPORTS.—Section 658K of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858i) is amended—

(1) in the section heading, by striking ''ANNUAL REPORT'' and inserting ''REPORTS''; and

(2) in subsection (a)—

(A) in the subsection heading, by striking ''ANNUAL REPORT'' and inserting ''REPORTS'';

(B) by striking ''December 31, 1992, and annually thereafter'' and inserting ''December 31, 1996, and every 2 years thereafter'';

(C) in paragraph (2)—

(i) in subparagraph (A), by inserting before the semicolon ''and the types of child care programs under which such assistance is provided'';

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(D) by striking paragraph (4);

(E) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively;

(F) in paragraph (4), as so redesignated, by striking ''and'' at the end thereof;

(G) in paragraph (5), as so redesignated, by adding ''and'' at the end thereof; and

(H) by inserting after paragraph (5), as so redesignated, the following new paragraph:

''(6) describing the extent and manner to which the resource and referral activities are being carried out by the State;''.

(i) REPORT BY SECRETARY.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended—

(1) by striking ''1993'' and inserting ''1997'';

(2) by striking ''annually'' and inserting ''bi-annually''; and

(3) by striking ''Education and Labor'' and inserting ''Economic and Educational Opportunities''.

(j) ALLOTMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(1) in subsection (c), by adding at the end thereof the following new paragraph:

''(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

''(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

''(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

''(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level

of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

''(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph.''; and

(2) in subsection (e)—

(A) in paragraph (1), by striking ''Any'' and inserting ''Except as provided in paragraph (4), any''; and

(B) by adding at the end thereof the following new paragraph:

''(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for with the grant or contract is made available, shall be reallocated by the Secretary to other tribes or organization that have submitted applications under subsection (c) in proportion to the original allocations to such tribes or organization.''.

(k) DEFINITIONS.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting ''or as a deposit for child care services if such a deposit is required of other children being cared for by the provider'' after ''child care services''; and

(2) in paragraph (5)(B)—

(A) by inserting ''great grandchild, sibling (if the provider lives in a separate residence),'' after ''grandchild,'';

(B) by striking ''is registered and''; and

(C) by striking ''State'' and inserting ''applicable''.

(l) AUTHORITY TO TRANSFER FUNDS.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by inserting after section 658S the following new section:

**''SEC. 658T. TRANSFER OF FUNDS.**

''(a) AUTHORITY.—Of the aggregate amount of payments received under this subchapter by a State in each fiscal year, the State may transfer not more than 30 percent for use by the State to carry out the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(b) REQUIREMENTS APPLICABLE TO FUNDS TRANSFERRED.—Funds transferred under subsection (a) to carry out the State program specified in such subsection shall not be subject to the requirements of this subchapter, but shall be subject to the same requirements that apply to Federal funds provided directly under such program.''.

**SEC. 603. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.**

(a) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—The State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.) is repealed.

(b) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the amendments and repeals made by this title.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this title, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).

## TITLE VII—WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES

### Subtitle A—General Provisions

**SEC. 701. SHORT TITLE.**

This title and title VIII may be cited as the ''Workforce Development Act of 1995''.

**SEC. 702. FINDINGS AND PURPOSES.**

(a) FINDINGS.—Congress finds that—

(1) increasing international competition, technological advances, and structural changes in the United States economy present new challenges to private businesses and public policymakers in creating a skilled workforce with the ability to adapt to change and technological progress;

(2) despite more than 60 years of federally funded employment training programs, the Federal Government has no single, coherent policy guiding employment training efforts;

(3) according to the General Accounting Office, there are over 100 federally funded employment training programs, which are administered by 15 different Federal agencies and cost more than $20,000,000,000 annually;

(4) many of the programs fail to collect enough performance data to determine the relative effectiveness of each of the programs or the effectiveness of the programs as a whole;

(5) because of the fragmentation, duplication, and lack of accountability that currently exist within and among Federal employment training programs it is often difficult for workers, jobseekers, and businesses to easily access the services they need;

(6) high quality, innovative vocational education programs provide youth with skills and knowledge on which to build successful careers and, in providing the skills and knowledge, vocational education serves as the foundation of a successful workforce development system;

(7) in recent years, several States and communities have begun to develop promising new initiatives such as—

(A) school-to-work programs to better integrate youth employment and education programs; and

(B) one-stop systems to make workforce development activities more accessible to workers, jobseekers, and businesses; and

(8) Federal, State, and local governments have failed to adequately allow for private sector leadership in designing workforce development activities that are responsive to local labor market needs.

(b) PURPOSES.—The purposes of this title are—

(1) to make the United States more competitive in the world economy by eliminating the fragmentation in Federal employment training efforts and creating coherent, integrated statewide workforce development systems designed to develop more fully the academic, occupational, and literacy skills of all segments of the workforce;

(2) to ensure that all segments of the workforce will obtain the skills necessary to earn wages sufficient to maintain the highest quality of living in the world; and

(3) to promote the economic development of each State by developing a skilled workforce that is responsive to the labor market needs of the businesses of each State.

**SEC. 703. DEFINITIONS.**

As used in this title and title VIII:

(1) ADULT EDUCATION.—

(A) IN GENERAL.—The term ''adult education'' means services or instruction below the college level for adults who—

(i) lack sufficient education or literacy skills to enable the adults to function effectively in society; or

(ii) do not have a certificate of graduation from a school providing secondary education (as determined under State law) and who have not achieved an equivalent level of education.

(B) ADULT.—As used in subparagraph (A), the term ''adult'' means an individual who is age 16 or older, or beyond the age of compulsory school attendance under State law, and who is not enrolled in secondary school.

(2) APPROPRIATE SECRETARY.—The term ''appropriate Secretary'' means, as determined under section 776(c)—

(A) the Secretary of Labor;

(B) the Secretary of Education; or

(C) the Secretary of Labor and the Secretary of Education, acting jointly.

(3) AREA VOCATIONAL EDUCATION SCHOOL.—The term ''area vocational education school'' means—

(A) a specialized secondary school used exclusively or principally for the provision of vocational education to individuals who are available for study in preparation for entering the labor market;

(B) the department of a secondary school exclusively or principally used for providing vocational education in not fewer than 5 different occupational fields to individuals who are available for study in preparation for entering the labor market;

(C) a technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who have completed or left secondary school and who are available for study in preparation for entering the labor market, if the institute or school admits as regular students both individuals who have completed secondary school and individuals who have left secondary school; or

(D) the department or division of a junior college, community college, or university that provides vocational education in not fewer than 5 different occupational fields leading to immediate employment but not necessarily leading to a baccalaureate degree, if the department or division admits as regular students both individuals who have completed secondary school and individuals who have left secondary school.

(4) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24; and

(B)(i) is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; or

(ii) is a dependent of a family that is determined under guidelines developed by the Federal Partnership to be low-income, using such data.

(5) CHIEF ELECTED OFFICIAL.—The term ''chief elected official'' means the chief elected officer of a unit of general local government in a substate area.

(6) COMMUNITY-BASED ORGANIZATION.—The term ''community-based organization'' means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community and that provides workforce development activities.

(7) COVERED ACTIVITY.—The term ''covered activity'' means an activity authorized to be carried out under a provision described in section 781(b) (as such provision was in effect on the day before the date of enactment of this Act).

(8) DISLOCATED WORKER.—The term ''dislocated worker'' means an individual who—

(A) has been terminated from employment and is eligible for unemployment compensation;

(B) has received a notice of termination of employment as a result of any permanent closure, or any layoff of 50 or more people, at a plant, facility, or enterprise, or as a result of a closure or realignment of a military installation;

(C) is long-term unemployed;

(D) was self-employed (including a farmer and a rancher) but is unemployed due to local economic conditions;

(E) is a displaced homemaker; or

(F) has become unemployed as a result of a Federal action that limits the use of, or restricts access to, a marine natural resource.

(9) DISPLACED HOMEMAKER.—The term ''displaced homemaker'' means an individual who was a full-time homemaker for a substantial number of years, as determined under guidelines developed by the Federal Partnership, and who no longer receives financial support previously provided by a spouse or by public assistance.

(10) ECONOMIC DEVELOPMENT ACTIVITIES.—The term ''economic development activities'' means the activities described in section 716(e).

(11) EDUCATIONAL SERVICE AGENCY.—The term ''educational service agency'' means a regional public multiservice agency authorized by State statute to develop and manage a service or program, and provide the service or program to a local educational agency.

(12) ELEMENTARY SCHOOL; LOCAL EDUCATIONAL AGENCY; SECONDARY SCHOOL.—The terms ''elementary school'', ''local educational agency'' and ''secondary school'' have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(13) FEDERAL PARTNERSHIP.—The term ''Federal Partnership'' means the Workforce Development Partnership established in section 771, acting under the direction of the National Board.

(14) FLEXIBLE WORKFORCE ACTIVITIES.—The term ''flexible workforce activities'' means the activities described in section 716(d).

(15) INDIVIDUAL WITH A DISABILITY.—

(A) IN GENERAL.—The term ''individual with a disability'' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

(B) INDIVIDUALS WITH DISABILITIES.—The term ''individuals with disabilities'' means more than 1 individual with a disability.

(16) LOCAL ENTITY.—The term ''local entity'' means a public or private entity responsible for local workforce development activities or workforce preparation activities for at-risk youth.

(17) LOCAL PARTNERSHIP.—The term ''local partnership'' means a partnership referred to in section 728(a).

(18) NATIONAL BOARD.—The term ''National Board'' means the National Board of the Federal Partnership.

(19) OLDER WORKER.—The term ''older worker'' means an individual who is age 55 or older and who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination.

(20) OUTLYING AREA.—The term ''outlying area'' means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(21) PARTICIPANT.—The term ''participant'' means an individual participating in workforce development activities or workforce preparation activities for at-risk youth, provided through a statewide system.

(22) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term ''postsecondary educational institution'' means an institution of higher education, as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)), that offers—

(A) a 2-year program of instruction leading to an associate's degree or a certificate of mastery; or

(B) a 4-year program of instruction leading to a bachelor's degree.

(23) RAPID RESPONSE ASSISTANCE.—The term ''rapid response assistance'' means workforce employment assistance provided in the case of a permanent closure, or layoff of 50 or more people, at a plant, facility, or enterprise, including the establishment of on-site contact with employers and employee representatives immediately after the State is notified of a current or projected permanent closure, or layoff of 50 or more people.

(24) SCHOOL-TO-WORK ACTIVITIES.—The term ''school-to-work activities'' means activities for youth that—

(A) integrate school-based learning and work-based learning;

(B) integrate academic and occupational learning;

(C) establish effective linkages between secondary education and postsecondary education;

(D) provide each youth participant with the opportunity to complete a career major;

(E) provide assistance in the form of connecting activities that link each youth participant with an employer in an industry or occupation relating to the career major of the youth participant; and

(F) are designed and carried out by local partnerships that include representatives of business and industry, education providers, and the community in which the activities are carried out.

(25) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(26) STATE BENCHMARKS.—The term ''State benchmarks'', used with respect to a State, means—

(A) the quantifiable indicators established under section 731(c) and identified in the report submitted under section 731(a); and

(B) such other quantifiable indicators of the statewide progress of the State toward meeting the State goals as the State may identify in the report submitted under section 731(a).

(27) STATE EDUCATIONAL AGENCY.—The term ''State educational agency'' means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary or secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

(28) STATE GOALS.—The term ''State goals'', used with respect to a State, means—

(A) the goals specified in section 731(b); and

(B) such other major goals of the statewide system of the State as the State may identify in the report submitted under section 731(a).

(29) STATEWIDE SYSTEM.—The term ''statewide system'' means a statewide workforce development system, referred to in section 711, that is designed to integrate workforce employment activities, workforce education activities, flexible workforce activities, economic development activities (in a State that is eligible to carry out such activities), vocational rehabilitation program activities, and workforce preparation activities for at-risk youth in the State in order to enhance and develop more fully the academic, occupational, and literacy skills of all segments of the population of the State and assist participants in obtaining meaningful unsubsidized employment.

(30) SUBSTATE AREA.—The term ''substate area'' means a geographic area designated by a Governor that reflects, to the extent feasible, a local labor market in a State.

(31) TECH-PREP PROGRAM.—The term ''tech-prep program'' means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequence;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, business, or applied economics;

(D) builds student competence in mathematics, science, communications, economics, and workplace skills, through applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(32) VETERAN.—The term ''veteran'' has the meaning given the term in section 101(2) of title 38, United States Code.

(33) VOCATIONAL EDUCATION.—The term ''vocational education'' means organized educational programs that—

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupational-specific skills, of an individual.

(34) VOCATIONAL REHABILITATION PROGRAM.—The term ''vocational rehabilitation program'' means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

(35) WELFARE ASSISTANCE.—The term ''welfare assistance'' means—

(A) assistance provided under part A of title IV of the Social Security Act; and

(B) assistance provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(36) WELFARE RECIPIENT.—The term ''welfare recipient'' means—

(A) an individual who receives assistance under part A of title IV of the Social Security Act; and

(B) an individual who—

(i) is not an individual described in subparagraph (A); and

(ii) receives assistance under the Food Stamp Act of 1977.

(37) WORKFORCE DEVELOPMENT ACTIVITIES.—The term ''workforce development activities'' means workforce education activities, workforce employment activities, flexible workforce activities, and economic development activities (within a State that is eligible to carry out such activities).

(38) WORKFORCE EDUCATION ACTIVITIES.—The term ''workforce education activities'' means the activities described in section 716(b).

(39) WORKFORCE EMPLOYMENT ACTIVITIES.—The term ''workforce employment activities'' means the activities described in paragraphs (2) through (8) of section 716(a), including activities described in section 716(a)(6) provided through a voucher described in section 716(a)(9).

(40) WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.—The term ''workforce preparation activities for at-risk youth'' means the activities described in section 759(b), carried out for at-risk youth.

**Subtitle B—Statewide Workforce Development Systems**

**CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES**

**SEC. 711. STATEWIDE WORKFORCE DEVELOPMENT SYSTEMS ESTABLISHED.**

For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under section 712 to States to assist the States in paying for the cost of establishing and carrying out activities through statewide workforce development systems, in accordance with this subtitle.

**SEC. 712. STATE ALLOTMENTS.**

(a) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State with a State plan approved under section 714 an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsection (c).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF ASSISTANCE.—The term ''adult recipient of assistance'' means a recipient of assistance under a State program funded under part A of title IV of the Social Security Act who is not a minor child (as defined in section 402(c)(1) of such Act).

(B) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(i) is not less than age 18;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(C) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsection (c), from the amount reserved under section 734(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term ''national average per capita payment'', used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 714 for a program year shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 734(b)(1) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

**SEC. 713. STATE APPORTIONMENT BY ACTIVITY.**

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 712 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this title for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the ''flex account'') equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 712 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 714; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 714.

**SEC. 714. STATE PLANS.**

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 712, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a ''State plan''), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in consultation, where appropriate, with the State postsecondary education agency and with community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(I) information describing how the State will eliminate duplication in the administration and delivery of services under this title;

(J) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(K) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(L) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(M) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(N) the description referred to in subsection (d)(1); and

(O)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 712 for a program year as a result of the application of section 712(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 716(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 716(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 716(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 716(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 773(c) that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 731(d);

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(H)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 713(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out the required activities described in clauses (ii) through (v) of section 716(a)(2)(B) and section 773;

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 715, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 731(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this title shall be construed to provide any individual with an entitlement to a service provided under this title.

**SEC. 715. STATE WORKFORCE DEVELOPMENT BOARDS.**

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 712 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 714(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 714, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 731(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 773(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 716(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this title.

**SEC. 716. USE OF FUNDS.**

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 773(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 731(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 731(c), with an emphasis on benchmarks established under section 731(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 714 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 773(c) and the job placement accountability system established under section 731(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(10) FUNDS FROM UNEMPLOYMENT TRUST FUND.—Funds made available to a Governor under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) for a program year shall only be available for workforce employment activities authorized under such section 901(c)(1)(A), which are—

(A) the administration of State unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law);

(B) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B); and

(C) carrying out the activities described in sections 4103, 4103A, 4104, and 4104A of title 38, United States Code (relating to veterans' employment services).

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 728(c), the State may use a portion of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 713(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

**SEC. 717. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.**

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the

government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 734(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

**SEC. 718. GRANTS TO OUTLYING AREAS.**

(a) GENERAL AUTHORITY.—Using funds made available under section 734(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this title that shall apply to outlying areas that receive funds under this subtitle.

## CHAPTER 2—LOCAL PROVISIONS

**SEC. 721. LOCAL APPORTIONMENT BY ACTIVITY.**

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 713(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 712(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 728(a) or, where established, local workforce development boards described in section 728(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 713(a) for workforce education activities

shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 722, 723, or 724, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 722, 723, and 724 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

**SEC. 722. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.**

(a) ALLOCATION.—Except as otherwise provided in this section and section 725, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) by such agency for secondary school vocational education under section 721(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 721(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

**SEC. 723. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.**

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 725, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 721(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 734(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term ''eligible institution'' means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term ''low-income'', used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term ''Pell Grant recipient'' means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

**SEC. 724. DISTRIBUTION FOR ADULT EDUCATION.**

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 721(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 721(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this title; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for non-instructional purposes.

**SEC. 725. SPECIAL RULE FOR MINIMAL ALLOCATION.**

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 722 or 723 such agency may, notwithstanding the provisions of section 722 or 723, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 723(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term ''minimal amount'' means not more than 15 percent of the total amount made available by the State educational agency under section 721(b)(3)(A) for section 722 or 723, respectively, for such program year.

**SEC. 726. REDISTRIBUTION.**

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 722 or 723 does not expend all of the amounts distributed to such entity for such year under section 722 or 723, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 722 or 723, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 722 or 723 and the State educational agency is unable to redistribute such amounts according to section 722 or 723, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

**SEC. 727. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.**

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term ''eligible entity'' means an entity eligible for financial assistance under section 722, 723, or 724 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 716(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

**SEC. 728. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.**

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 714 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this subtitle will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, job-seekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 712, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 716(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 716(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 715 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 714 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 715 is established in the State.

**SEC. 729. CONSTRUCTION.**

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 722, from working with an eligible entity (or consortium thereof) that receives assistance under section 723, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 723, from working with a local educational agency (or consortium thereof) that receives assistance under section 722, to carry out postsecondary and adult vocational education activities in accordance with this title.

## CHAPTER 3—ADMINISTRATION

**SEC. 731. ACCOUNTABILITY.**

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment

under section 712 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 712 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 712, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth;

(E) dislocated workers; and

(F) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 714, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 772(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 732(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 732(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 732(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 732(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 714, as determined by the Federal Partnership, may be subject to sanctions under section 732(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 712 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this subtitle shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 773(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 712 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

**SEC. 732. INCENTIVES AND SANCTIONS.**

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 731(c), with an emphasis on the benchmarks established under section 731(c)(3), in accordance with section 731(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 712(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 731(c) for the 3 years covered by a State plan described in section 714, the Federal Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 712 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the purposes of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to

the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

**SEC. 733. UNEMPLOYMENT TRUST FUND.**

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking clause (ii) and inserting the following:

''(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and''; and

(ii) in clause (iii), by striking ''carrying into effect section 4103'' and ''carrying out the activities described in sections 4103, 4103A, 4104, and 4104A''; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking ''Department of Labor'' and inserting ''Department of Labor or the Workforce Development Partnership, as appropriate,''; and

(ii) by striking clause (iii) and inserting the following:

''(iii) the Workforce Development Act of 1995,''; and

(2) in the first sentence of paragraph (4), by striking ''the total cost'' and all that follows through ''the President determines'' and inserting ''the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 773, or in any of clauses (ii) through (v) of section 716(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines''.

(b) GUAM; UNITED STATES VIRGIN ISLANDS.—From the total amount made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) (referred to in this section as the ''total amount'') for each fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly, shall first allot to Guam and the United States Virgin Islands an amount that, in relation to the total amount for the fiscal year, is equal to the allotment percentage that each received of amounts available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) in fiscal year 1983.

(c) STATES.—

(1) ALLOTMENTS.—

(A) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary of Labor and the Secretary of Education, acting jointly, shall (after making the allotments required by subsection (b)) allot the remainder of the total amount for each fiscal year among the States as follows:

(i) CIVILIAN LABOR FORCE.—Two-thirds of such remainder shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States.

(ii) UNEMPLOYED INDIVIDUALS.—One-third of such remainder shall be allotted on the basis of the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.

(B) CALCULATION.—For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the most recent calendar year available, as determined by the Secretary of Labor and the Secretary of Education, acting jointly.

(2) MINIMUM PERCENTAGE.—No State allotment under this section for any fiscal year shall be a smaller percentage of the total amount for the fiscal year than 90 percent of the allotment percentage for the State for the fiscal year preceding the fiscal year for which the determination is made. For the purpose of this section, the Secretary of Labor and the Secretary of Education, acting jointly, shall determine the allotment percentage for each State for fiscal year 1984, which shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for fiscal year 1983. For the purpose of this section, for each succeeding fiscal year, the allotment percentage for each such State shall be the percentage that the State received of amounts available under section 6 of the Wagner-Peyser Act for the preceding fiscal year.

(3) MINIMUM ALLOTMENT.—For each fiscal year, no State shall receive a total allotment under paragraphs (1) and (2) that is less than 0.28 percent of the total amount for such fiscal year.

(4) ESTIMATES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, not later than March 15 of each fiscal year, provide preliminary planning estimates and shall, not later than May 15 of each fiscal year, provide final planning estimates, showing the projected allocation for each State for the following year.

(5) DEFINITION.—Notwithstanding section 703, as used in paragraphs (2) through (4), the term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and United States Virgin Islands.

(d) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect July 1, 1998.

**SEC. 734. AUTHORIZATION OF APPROPRIATIONS.**

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle C) $6,127,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) 92.7 percent shall be reserved for making allotments under section 712;

(2) 1.25 percent shall be reserved for carrying out section 717;

(3) 0.2 percent shall be reserved for carrying out section 718;

(4) 4.3 percent shall be reserved for making incentive grants under section 732(a) and for the administration of this title;

(5) 1.4 percent shall be reserved for carrying out section 773; and

(6) 0.15 percent shall be reserved for carrying out sections 774 and 775 and the National Literacy Act of 1991 (20 U.S.C. 1201 note).

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 714 that relate to workforce employment activities.

**SEC. 735. EFFECTIVE DATE.**

This subtitle shall take effect July 1, 1998.

## Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

## CHAPTER 1—GENERAL PROVISIONS

**SEC. 741. PURPOSES.**

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

**SEC. 742. DEFINITIONS.**

As used in this subtitle:

(1) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 723(e));

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(4) JOB CORPS.—The term ''Job Corps'' means the corps described in section 744.

(5) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 744.

**SEC. 743. AUTHORITY OF GOVERNOR.**

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

## CHAPTER 2—JOB CORPS

**SEC. 744. GENERAL AUTHORITY.**

If a State receives an allotment under section 759, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

**SEC. 745. SCREENING AND SELECTION OF APPLICANTS.**

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

**SEC. 746. ENROLLMENT AND ASSIGNMENT.**

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

**SEC. 747. JOB CORPS CENTERS.**

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 748.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

**SEC. 748. PROGRAM ACTIVITIES.**

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 716(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 731(d).

**SEC. 749. SUPPORT.**

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

**SEC. 750. OPERATING PLAN.**

To be eligible to operate a Job Corps center and receive assistance under section 759 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 714;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) by the State.

**SEC. 751. STANDARDS OF CONDUCT.**

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

**SEC. 752. COMMUNITY PARTICIPATION.**

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 728(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

**SEC. 753. COUNSELING AND PLACEMENT.**

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 716(a)(2).

**SEC. 754. LEASES AND SALES OF CENTERS.**

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 714 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

**SEC. 755. CLOSURE OF JOB CORPS CENTERS.**

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a ''Job Corps center''), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

**SEC. 756. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.**

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

**"SEC. 439A. OPERATING PLAN.**

''(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

''(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 763 of the Workforce Development Act of 1995;

''(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

''(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

''(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

''(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.''.

**SEC. 757. EFFECTIVE DATE.**

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 754 and 755, and the amendment made by section 756, shall take effect on the date of enactment of this Act.

**CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH**

**SEC. 759. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.**

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 755.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 755(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total

number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 714, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 714 to be eligible to receive an allotment under section 712.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

**Subtitle D—Transition Provisions**

**SEC. 761. WAIVERS.**

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 763 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) LOCAL ENTITY REQUEST FOR WAIVER.—

(1) IN GENERAL.—A local entity that seeks a waiver of such a requirement shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) TIME LIMIT.—

(A) IN GENERAL.—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) DIRECT SUBMISSION.—

(i) IN GENERAL.—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) REQUIREMENTS.—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) WAIVERS NOT AUTHORIZED.—The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—

(1) the allocation of funds to States, local entities, or individuals;

(2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;

(3) the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or

(4) a required supplementation of funds by the State or a prohibition against the State supplanting such funds.

(e) ACTIVITIES.—Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to—

(1) use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—

(A) to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce employment activities or workforce education activities;

(B) to improve efficiencies in the delivery of the covered activities; or

(C) in the case of overlapping or duplicative activities—

(i) by combining the covered activities and funding the combined activities; or

(ii) by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity; and

(2) use the assistance that would otherwise have been used for administrative expenses relating to a covered activity (if the State or local entity were not using the assistance as described in this section) to pay for the cost of developing an interim State plan described in section 763 or a State plan described in section 714.

(f) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 45 days after the date of the submission and shall issue a decision that shall include the reasons for approving or disapproving the request.

(g) FAILURE TO ACT.—If the Secretary fails to approve or disapprove the request within the 45-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.

(h) DEFINITION.—As used in this section:

(1) LOCAL ENTITY.—The term ''local entity'' means—

(A) a local educational agency, with respect to any act by a local agency or organization relating to a covered activity that is a workforce education activity; and

(B) the local public or private agency or organization responsible for carrying out the covered activity at issue, with respect to any act by a local agency or organization relating to any other covered activity.

(2) SECRETARY.—The term ''Secretary'' means—

(A) the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor;

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education; and

(C) the Secretary of Health and Human Services, with respect to any act relating to a covered activity carried out by the Secretary of Health and Human Services.

(3) STATE.—The term ''State'' means—

(A) a State educational agency, with respect to any act by a State entity relating to a covered activity that is a workforce education activity; and

(B) the Governor, with respect to any act by a State entity relating to any other covered activity.

(i) CONFORMING AMENDMENTS.—

(1) Section 501 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6211) is amended—

(A) in subsection (a), by striking ''sections 502 and 503'' and inserting ''section 502'';

(B) in subsection (b)(2)(B)(ii)—

(i) by striking ''section 502(a)(1)(C) or 503(a)(1)(C), as appropriate,'' and inserting ''section 502(a)(1)(C)''; and

(ii) by striking ''section 502 or 503, as appropriate,'' and inserting ''section 502'';

(C) in subsection (c), by striking ''section 502 or 503'' and inserting ''section 502''; and

(D) by striking ''Secretaries'' each place the term appears and inserting ''Secretary of Education''.

(2) Section 502(b) of such Act (20 U.S.C. 6212(b)) is amended—

(A) in paragraph (4), by striking the semicolon and inserting ''; and'';

(B) in paragraph (5), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (6).

(3) Section 503 of such Act (20 U.S.C. 6213) is repealed.

(4) Section 504 of such Act (20 U.S.C. 6214) is amended—

(A) in subsection (a)(2)(B), by striking clauses (i) and (ii) and inserting the following clauses:

''(i) the provisions of law listed in paragraphs (2) through (5) of section 502(b);

''(ii) the Job Training Partnership Act (29 U.S.C. 1501 et seq.); and

''(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).''; and

(B) in subsection (b), by striking ''paragraphs (1) through (3), and paragraphs (5) and (6), of section 503(b)'' and inserting ''paragraphs (2) through (4) and paragraphs (6) and (7) of section 505(b)''.

(5) Section 505(b) of such Act (20 U.S.C. 6215(b)) is amended to read as follows:

''(b) USE OF FUNDS.—A State may use, under the requirements of this Act, Federal funds that are made available to the State and combined under subsection (a) to carry out school-to-work activities, except that the provisions relating to—

''(1) the matters specified in section 502(c);

''(2) basic purposes or goals;

''(3) maintenance of effort;

''(4) distribution of funds;

''(5) eligibility of an individual for participation;

''(6) public health or safety, labor standards, civil rights, occupational safety and health, or environmental protection; or

''(7) prohibitions or restrictions relating to the construction of buildings or facilities;

that relate to the program through which the funds described in subsection (a)(2)(B) were made available, shall remain in effect with respect to the use of such funds.''.

**SEC. 762. FLEXIBILITY DEMONSTRATION PROGRAM.**

(a) DEFINITION.—As used in this section:

(1) ELIGIBLE STATE.—The term ''eligible State'' means a State that—

(A)(i) has submitted an interim State plan under section 763;

(ii) has an executed Memorandum of Understanding with the Federal Government; or

(iii) is a designated ''Ed-Flex Partnership State'' under section 311(e) of the Goals 2000: Educate America Act (20 U.S.C. 5891(e)); and

(B) waives State statutory or regulatory requirements relating to workforce development activities while holding local entities within the State that are effected by such waivers accountable for the performance of the participants who are affected by such waivers.

(2) LOCAL ENTITY; SECRETARY; STATE.—The terms ''local entity'', ''Secretary'', and ''State'' have the meanings given the terms in section 761(h).

(b) DEMONSTRATION PROGRAM.—

(1) ESTABLISHMENT.—In addition to providing for the waivers described in section 761(a), the Secretary shall establish a workforce flexibility demonstration program under which the Secretary shall permit not more than 6 eligible States (or local entities within such States) to waive any statutory or regulatory requirement applicable to any covered activity described in section 761(a), other than the requirements described in section 761(d).

(2) SELECTION OF PARTICIPANT STATES.—In carrying out the program under paragraph (1), the Secretary shall select for participation in the program 3 eligible States that each have a population of not less than 3,500,000 individuals and 3 eligible States that each have a population of not more than 3,500,000 individuals, as determined in accordance with the most recent decennial census of the population as provided by the Bureau of the Census.

(3) APPLICATION.—

(A) SUBMISSION.—To be eligible to participate in the program established under paragraph (1), a State shall prepare and submit an application, in accordance with section 761(b)(2), that includes—

(i) a description of the process the eligible State will use to evaluate applications from local entities requesting waivers of—

(I) Federal statutory or regulatory requirements described in section 761(a); and

(II) State statutory or regulatory requirements relating to workforce development activities; and

(ii) a detailed description of the State statutory or regulatory requirements relating to workforce development activities that the State will waive.

(B) APPROVAL.—The Secretary may approve an application submitted under subparagraph (A) if the Secretary determines that such application demonstrates substantial promise of assisting the State and local entities within such State in carrying out comprehensive reform of workforce development activities and in otherwise meeting the purposes of this title.

(C) LOCAL ENTITY APPLICATIONS.—A State participating in the program established under paragraph (1) shall not approve an application by a local entity for a waiver under this subsection unless the State determines that such waiver will assist the local entity in reaching the goals of the local entity.

(4) MONITORING.—A State participating in the program established under paragraph (1) shall annually monitor the activities of local entities receiving waivers under this subsection and shall submit an annual report regarding such monitoring to the Secretary. The Secretary shall periodically review the performance of such States and shall terminate the waiver of a State under this subsection if the Secretary determines, after notice and opportunity for a hearing, that the performance of such State has been inadequate to a level that justifies discontinuation of such authority.

(5) REFERENCE.—Each eligible State participating in the program established under paragraph (1) shall be referred to as a ''Work-Flex Partnership State''.

**SEC. 763. INTERIM STATE PLANS.**

(a) IN GENERAL.—For a State or local entity in a State to use a waiver received under section 761 or 762 through June 30, 1998, and for a State to be eligible to submit a State plan described in section 714 for program year 1998, the Governor of the State shall submit an interim State plan to the Federal Partnership. The Governor shall submit the plan not later than June 30, 1997.

(b) REQUIREMENTS.—The interim State plan shall comply with the requirements applicable to State plans described in section 714.

(c) PROGRAM YEAR.—In submitting the interim State plan, the Governor shall indicate whether the plan is submitted—

(1) for review and approval for program year 1997; or

(2) solely for review.

(d) REVIEW.—In reviewing an interim State plan, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may—

(1) in the case of a plan submitted for review and approval for program year 1997—

(A) approve the plan and permit the State to use a waiver as described in section 761 or 762 to carry out the plan; or

(B)(i) disapprove the plan and provide to the State reasons for the disapproval; and

(ii) direct the Federal Partnership to provide technical assistance to the State for developing an approvable plan to be submitted under section 714 for program year 1998; and

(2) in the case of a plan submitted solely for review, review the plan and provide to the State technical assistance for developing an approvable plan to be submitted under section 714 for program year 1998.

(e) EFFECT OF DISAPPROVAL.—Disapproval of an interim plan shall not affect the ability of a State to use a waiver as described in section 761 or 762 through June 30, 1998.

**SEC. 764. APPLICATIONS AND PLANS UNDER COVERED ACTS.**

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of a covered Act that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1996 or 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

**SEC. 765. INTERIM ADMINISTRATION OF SCHOOL-TO-WORK PROGRAMS.**

(a) IN GENERAL.—Any provision of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.) that grants authority to the Secretary of Labor or the Secretary of Education shall be considered to grant the authority to the Federal Partnership.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on October 1, 1996.

**SEC. 766. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.**

(a) OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT.—Section 508(a)(1) of the Older American Community Service Employment Act (42 U.S.C. 3056f(a)(1)) is amended by striking ''for fiscal years 1993, 1994, and 1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(b) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IN GENERAL.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(2) RESEARCH.—Section 404(d) of such Act (20 U.S.C. 2404(d)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(c) ADULT EDUCATION ACT.—

(1) IN GENERAL.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(2) STATE LITERACY RESOURCE CENTERS.—Section 356(k) of such Act (20 U.S.C. 1208aa(k)) is amended by striking ''for each of the fiscal years 1994 and 1995'' and inserting ''for each of fiscal years 1994 and 1995''.

(3) BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY.—Section 371(e)(1) of such Act (20 U.S.C. 1211(e)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(4) NATIONAL INSTITUTE FOR LITERACY.—Section 384(n)(1) of such Act (20 U.S.C.

1213c(n)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1996'' and inserting ''for each of fiscal years 1992 through 1995''.

**Subtitle E—National Activities**

**SEC. 771. FEDERAL PARTNERSHIP.**

(a) ESTABLISHMENT.—There is established in the Department of Labor and the Department of Education a Workforce Development Partnership, under the joint control of the Secretary of Labor and the Secretary of Education.

(b) ADMINISTRATION.—Notwithstanding the Department of Education Organization Act (20 U.S.C. 3401 et seq.), the General Education Provisions Act (20 U.S.C. 1221 et seq.), the Act entitled ''An Act To Create a Department of Labor'', approved March 4, 1913 (29 U.S.C. 551 et seq.), and section 169 of the Job Training Partnership Act (29 U.S.C. 1579), the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 776(c), shall provide for, and exercise final authority over, the effective and efficient administration of this title and the officers and employees of the Federal Partnership.

(c) RESPONSIBILITIES OF SECRETARY OF LABOR AND SECRETARY OF EDUCATION.—The Secretary of Labor and the Secretary of Education, working jointly through the Federal Partnership, shall—

(1) approve applications and plans under sections 714, 717, 718, and 763;

(2) award financial assistance under sections 712, 717, 718, 732(a), 759, and 774;

(3) approve State benchmarks in accordance with section 731(c); and

(4) apply sanctions described in section 732(b).

(d) WORKPLANS.—The Secretary of Labor and the Secretary of Education, acting jointly, shall prepare and submit the workplans described in sections 776(c) and 777(b).

(e) INFORMATION AND TECHNICAL ASSISTANCE RESPONSIBILITIES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, in appropriate cases, disseminate information and provide technical assistance to States on the best practices for establishing and carrying out activities through statewide systems, including model programs to provide structured work and learning experiences for welfare recipients.

**SEC. 772. NATIONAL WORKFORCE DEVELOPMENT BOARD AND PERSONNEL.**

(a) NATIONAL BOARD.—

(1) COMPOSITION.—The Federal Partnership shall be directed by a National Board that shall be composed of 13 individuals, including—

(A) 7 individuals who are representative of business and industry in the United States, appointed by the President by and with the advice and consent of the Senate;

(B) 2 individuals who are representative of labor and workers in the United States, appointed by the President by and with the advice and consent of the Senate;

(C) 2 individuals who are representative of education providers, 1 of whom is a State or local adult education provider and 1 of whom is a State or local vocational education provider, appointed by the President by and with the advice and consent of the Senate; and

(D) 2 Governors, representing different political parties, appointed by the President by and with the advice and consent of the Senate.

(2) TERMS.—Each member of the National Board shall serve for a term of 3 years, except that, as designated by the President—

(A) 5 of the members first appointed to the National Board shall serve for a term of 2 years;

(B) 4 of the members first appointed to the National Board shall serve for a term of 3 years; and

(C) 4 of the members first appointed to the National Board shall serve for a term of 4 years.

(3) VACANCIES.—Any vacancy in the National Board shall not affect the powers of the National Board, but shall be filled in the same manner as the original appointment. Any member appointed to fill such a vacancy shall serve for the remainder of the term for which the predecessor of such member was appointed.

(4) DUTIES AND POWERS OF THE NATIONAL BOARD.—

(A) OVERSIGHT.—Subject to section 771(b), the National Board shall oversee all activities of the Federal Partnership.

(B) RECOMMENDATIONS ABOUT IMPLEMENTATION.—If the Secretary of Labor and the Secretary of Education fail to reach agreement with respect to the implementation of their duties and responsibilities under this title, the National Board shall review the issues about which disagreement exists and make a recommendation to the President regarding a solution to the disagreement.

(5) CHAIRPERSON.—The position of Chairperson of the National Board shall rotate annually among the appointed members described in paragraph (1)(A).

(6) MEETINGS.—The National Board shall meet at the call of the Chairperson but not less often than 4 times during each calendar year. Seven members of the National Board shall constitute a quorum. All decisions of the National Board with respect to the exercise of the duties and powers of the National Board shall be made by a majority vote of the members of the National Board.

(7) COMPENSATION AND TRAVEL EXPENSES.—

(A) COMPENSATION.—In accordance with the plan approved or the determinations made by the President under section 776(c), each member of the National Board shall be compensated at a rate to be fixed by the President but not to exceed the daily equivalent of the maximum rate authorized for a position above GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the National Board.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the National Board, members of such National Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for persons employed intermittently in the Government service.

(8) DATE OF APPOINTMENT.—The National Board shall be appointed not later than 120 days after the date of enactment of this Act.

(b) DUTIES AND POWERS OF THE FEDERAL PARTNERSHIP.—The Federal Partnership shall—

(1) oversee the development, maintenance, and continuous improvement of the nationwide integrated labor market information system described in section 773, and the relationship between such system and the job placement accountability system described in section 731(d);

(2) establish model benchmarks for each of the benchmarks referred to in paragraph (1), (2), or (3) of section 731(c), at achievable levels based on existing (as of the date of the establishment of the benchmarks) workforce development efforts in the States;

(3) negotiate State benchmarks with States in accordance with section 731(c);

(4) provide advice to the Secretary of Labor and the Secretary of Education regarding the review and approval of applications and plans described in section 771(c)(1) and the approval of financial assistance described in section 771(c)(2);

(5) receive and review reports described in section 731(a);

(6) prepare and submit to the appropriate committees of Congress an annual report on the absolute and relative performance of States toward reaching the State benchmarks;

(7) provide advice to the Secretary of Labor and the Secretary of Education regarding applying sanctions described in section 732(b);

(8) review all federally funded programs providing workforce development activities, other than programs carried out under this title, and submit recommendations to Congress on how the federally funded programs could be integrated into the statewide systems of the States, including recommendations on the development of common terminology for activities and services provided through the programs;

(9) prepare an annual plan for the nationwide integrated labor market information system, as described in section 773(b)(2); and

(10) perform the duties specified for the Federal Partnership in this title.

(c) DIRECTOR.—

(1) IN GENERAL.—There shall be in the Federal Partnership a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(3) DUTIES.—The Director shall make recommendations to the National Board regarding the activities described in subsection (b).

(4) DATE OF APPOINTMENT.—The Director shall be appointed not later than 120 days after the date of enactment of this Act.

(d) PERSONNEL.—

(1) APPOINTMENTS.—The Director may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Federal Partnership. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(2) EXPERTS AND CONSULTANTS.—The Director may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including travel time) at rates not in excess of the rate of pay for level IV of the Executive Schedule under section 5315 of such title. The Director may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Federal Partnership without reimbursement, and such detail shall be without interruption or loss of civil service or privilege. The Secretary of Education and the Secretary of Labor shall detail a sufficient number of employees to the Federal Partnership for the period beginning October 1, 1996 and ending June 30, 1998 to carry out the functions of the Federal Partnership during such period.

(4) USE OF VOLUNTARY AND UNCOMPENSATED SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Secretary of Labor and the Secretary of Education are

authorized to accept voluntary and uncompensated services in furtherance of the purposes of this title.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years 1996 and 1997 $500,000 to the National Board for the administration of the duties and responsibilities of the Federal Partnership under this title.

**SEC. 773. LABOR MARKET INFORMATION.**

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market terms, including terms related to State benchmarks established pursuant to section 731(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 715, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A–11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 728(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 716(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 731(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

**SEC. 774. NATIONAL CENTER FOR RESEARCH IN EDUCATION AND WORKFORCE DEVELOPMENT.**

(a) GRANTS AUTHORIZED.—From amounts made available under section 734(b)(6), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, are authorized to award a grant, on a competitive basis, to an institution of higher education, public or private nonprofit organization or agency, or a consortium of such institutions, organizations, or agencies, to enable such institution, organization, agency, or consortium to establish a national center to carry out the activities described in subsection (b).

(b) AUTHORIZED ACTIVITIES.—Grant funds made available under this section shall be used by the national center assisted under subsection (a)—

(1) to increase the effectiveness and improve the implementation of workforce development programs, including conducting research and development and providing technical assistance with respect to—

(A) combining academic and vocational education;

(B) connecting classroom instruction with work-based learning;

(C) creating a continuum of educational programs that provide multiple exit points for employment, which may include changes or development of instructional materials or curriculum;

(D) establishing high quality support services for all students to ensure access to workforce development programs, educational success, and job placement assistance;

(E) developing new models for remediation of basic academic skills, which models shall incorporate appropriate instructional methods, rather than using rote and didactic methods;

(F) identifying ways to establish links among educational and job training programs at the State and local levels;

(G) developing new models for career guidance, career information, and counseling services;

(H) identifying economic and labor market changes that will affect workforce needs;

(I) developing model programs for the transition of members of the Armed Forces from military service to civilian employment;

(J) conducting preparation of teachers, counselors, administrators, and other professionals, who work with programs funded under this title; and

(K) obtaining information on practices in other countries that may be adapted for use in the United States;

(2) to provide assistance to States and local recipients of assistance under this title in developing and using systems of performance measures and standards for improvement of programs and services; and

(3) to maintain a clearinghouse that will provide data and information to Federal, State, and local organizations and agencies about the condition of statewide systems and programs funded under this title, which data and information shall be disseminated in a form that is useful to practitioners and policymakers.

(c) OTHER ACTIVITIES.—The Federal Partnership may request that the national center assisted under subsection (a) conduct activities not described in subsection (b), or study topics not described in subsection (b), as the Federal Partnership determines to be necessary to carry out this title.

(d) IDENTIFICATION OF CURRENT NEEDS.—The national center assisted under subsection (a) shall identify current needs (as of the date of the identification) for research and technical assistance through a variety of sources including a panel of Federal, State, and local level practitioners.

(e) SUMMARY REPORT.—The national center assisted under subsection (a) shall annually prepare and submit to the Federal Partnership and Congress a report summarizing the research findings obtained, and the results of development and technical assistance activities carried out, under this section.

(f) DEFINITION.—As used in this section, the term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(g) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

**SEC. 775. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.**

(a) IN GENERAL.—The Assistant Secretary for Educational Research and Improvement (referred to in this section as the ''Assistant Secretary'') shall conduct a national assessment of vocational education programs assisted under this title, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Assistant Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of business, industry, labor, career guidance and counseling professionals, and other relevant groups, to advise the Assistant Secretary on the implementation of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel, in the discretion of the panel, may submit to Congress an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of this title on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purposes of this title;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the effect of educational reform on vocational education;

(B) the extent and success of integration of academic and vocational curricula;

(C) the success of the school-to-work transition; and

(D) the degree to which vocational training is relevant to subsequent employment;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of vocational education services; and

(8) the degree to which minority students are involved in vocational student organizations.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary of Education shall consult with the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary of Education shall submit to Congress—

(A) an interim report regarding the assessment on or before January 1, 2000; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2000.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Office of Educational Research and Improvement before their transmittal to Congress, but the President, the Secretary, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, Secretary, or panel determine to be appropriate.

(e) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

**SEC. 776. TRANSFERS TO FEDERAL PARTNERSHIP.**

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term ''Federal agency'' has the meaning given to the term ''agency'' by section 551(1) of title 5, United States Code;

(2) the term ''function'' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term ''office'' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—There are transferred to the appropriate Secretary in the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry

out a function that relates to a covered activity shall terminate on July 1, 1998.

(c) TRANSITION WORKPLAN.—

(1) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the National Board a proposed workplan as described in paragraph (2). The Secretary of Labor and the Secretary of Education shall also submit the plan to the President, the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on Labor and Human Resources of the Senate for review and comment.

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) an analysis of the functions that officers and employees of the Department of Labor and the Department of Education carry out (as of the date of the submission of the workplan) that relate to a covered activity;

(B) information on the levels of personnel and funding used to carry out the functions (as of such date);

(C) a determination of the functions described in subparagraph (A) that are minimally necessary to carry out the functions of the Federal Partnership;

(D) information on the levels of personnel and other resources that are minimally necessary to carry out the functions of the Federal Partnership;

(E) a determination of the manner in which the Secretary of Labor and the Secretary of Education will provide personnel and other resources of the Department of Labor and the Department of Education for the Federal Partnership;

(F) a determination of the appropriate Secretary to receive the personnel, resources, and related items to be transferred under this section, based on factors including increased efficiency and elimination of duplication of functions;

(G) a determination of the proposed organizational structure for the Federal Partnership; and

(H) a determination of the manner in which the Secretary of Labor and the Secretary of Education, acting jointly through the Federal Partnership, will carry out their duties and responsibilities under this title.

(3) REVIEW BY NATIONAL BOARD.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the National Board shall—

(i) review and concur with the workplan; or

(ii) reject the workplan and prepare and submit to the President a revised workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the National Board concurs with the proposed workplan, the functions described in paragraph (2)(C), as determined in the workplan, shall be transferred under subsection (b).

(4) REVIEW BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than 30 days after the date of submission of a revised workplan under paragraph (3)(A)(ii), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan and prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the President approves the revised workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such revised or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the revised workplan submitted under paragraph (3)(A)(ii) within the 30-day period described in subparagraph (A), the Secretary of Labor, the Secretary of Education, and the National Board may attempt to reach agreement on a compromise workplan. If the Secretary of Labor, the Secretary of Education, and the National Board reach such agreement, the functions described in paragraph (2)(C), as determined in such compromise workplan, shall be transferred under subsection (b). If, after an additional 15-day period, the Secretary of Labor, the Secretary of Education and the National Board are unable to reach such agreement, the revised workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the revised workplan, shall be transferred under subsection (b).

(5) DETERMINATION BY PRESIDENT.—

(A) IN GENERAL.—In the event that the Secretary of Labor and the Secretary of Education fail to reach agreement regarding, and submit, a proposed workplan described in paragraph (2), the President shall make the determinations described in paragraph (2)(C). The President shall delegate full responsibility for administration of this title to 1 of the 2 Secretaries. Such Secretary shall be considered to be the appropriate Secretary for purposes of this title and shall have authority to carry out any function that the Secretaries would otherwise be authorized to carry out jointly.

(B) TRANSFERS.—The functions described in paragraph (2)(C), as determined by the President under subparagraph (A), shall be transferred under subsection (b). All positions of personnel that relate to a covered activity and that, prior to the transfer, were within the Department headed by the other of the 2 Secretaries shall be separated from service as provided in subsection (i)(2)(A).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the National Board may delegate any function transferred or granted to the Federal Partnership after the effective date of this section to such officers and employees of the Federal Partnership as the National Board may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the National Board under this subsection or under any other provision of this section shall relieve such National Board of responsibility for the administration of such functions.

(e) REORGANIZATION.—The National Board may allocate or reallocate any function transferred or granted to the Federal Partnership after the effective date of this section among the officers of the Federal Partnership, and establish, consolidate, alter, or discontinue such organizational entities in the Federal Partnership as may be necessary or appropriate.

(f) RULES.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, determine to be necessary or appropriate to administer and manage the functions of the Federal Partnership.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the appropriate Secretary in the Federal Partnership. Unexpended funds transferred pursuant to this subsection shall be used only to carry out the functions of the Federal Partnership.

(2) EXISTING FACILITIES AND OTHER FEDERAL RESOURCES.—Pursuant to paragraph (1), the Secretary of Labor and the Secretary of Education shall supply such office facilities, office supplies, support services, and related expenses as may be minimally necessary to carry out the functions of the Federal Partnership. None of the funds made available under this title may be used for the construction of office facilities for the Federal Partnership.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the objectives of this section.

(i) EFFECT ON PERSONNEL.—

(1) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this section, shall terminate on the effective date of this section.

(2) ACTIONS.—

(A) IN GENERAL.—The Secretary of Labor and the Secretary of Education shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not transferred under subsection (b) are separated from service.

(B) SCOPE.—The Secretary of Labor and the Secretary of Education shall take the actions described in subparagraph (A) with respect to not less than ⅓ of the positions of personnel that relate to a covered activity.

(j) SAVINGS PROVISIONS.—

(1) SUITS NOT AFFECTED.—The provisions of this section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Labor or the Department of Education, or by or against any individual in the official capacity of such individual as an officer of the Department of Labor or the Department of Education, shall abate by reason of the enactment of this section.

(k) TRANSITION.—The National Board may utilize—

(1) the services of officers, employees, and other personnel of the Department of Labor or the Department of Education, other than

personnel of the Federal Partnership, with respect to functions transferred to the Federal Partnership by this section; and

(2) funds appropriated to such functions;

for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Secretary of Labor or the Secretary of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership; and

(2) the Department of Labor or the Department of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to in paragraph (1).

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (c) shall take effect on the date of enactment of this Act.

**SEC. 777. TRANSFERS TO OTHER FEDERAL AGENCIES AND OFFICES.**

(a) TRANSFER.—There are transferred to the appropriate receiving agency, in accordance with subsection (b), all functions that the Secretary of Labor, acting through the Employment and Training Administration, or the Secretary of Education, acting through the Office of Vocational and Adult Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Employment and Training Administration or the Office of Vocational and Adult Education) that do not relate to a covered activity.

(b) DETERMINATIONS OF FUNCTIONS AND APPROPRIATE RECEIVING AGENCIES.—

(1) TRANSITION WORKPLAN.—Not later than 180 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the President a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfer described in subsection (a).

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) a determination of the functions that officers and employees of the Employment and Training Administration and the Office of Vocational and Adult Education carry out (as of the date of the submission of the workplan) that do not relate to a covered activity; and

(B) a determination of the appropriate receiving agencies for the functions, based on factors including increased efficiency and elimination of duplication of functions.

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan and submit the workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate; or

(ii) reject the workplan, prepare an alternative workplan that contains the determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(A), as determined in such proposed or alternative workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in such proposed or alternative workplan.

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(A), as determined in the proposed workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in the proposed workplan.

(4) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

(c) APPLICATION OF AUTHORITIES.—

(1) IN GENERAL.—

(A) APPLICATION.—Subsection (a), and subsections (d) through (m), of section 776 (other than subsections (f), (g)(2), (i)(2), and (m)) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(B) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) of section 776 shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 776.

(2) REFERENCES.—For purposes of the application of the subsections described in paragraph (1) (other than subsections (g)(2) and (i)(2) of section 776) to transfers under this section—

(A) references to the Federal Partnership shall be deemed to be references to the appropriate receiving agency, as determined in the approved or alternative workplan referred to in subsection (b)(3);

(B) references to the Secretary of Labor and the Secretary of Education, Director, or National Board shall be deemed to be references to the head of the appropriate receiving agency; and

(C) references to transfers in section 776 shall be deemed to include transfers under this section.

(3) ADMINISTRATION.—Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

(4) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that are in effect on the effective date of this section or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the appropriate receiving agency or other authorized official, a court of competent jurisdiction, or by operation of law.

(5) PROCEEDINGS NOT AFFECTED.—

(A) IN GENERAL.—The provisions of this section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Department of Labor or the Department of Education on the date this section takes effect, with respect to functions transferred by this section.

(B) CONTINUATION.—Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law.

(C) CONSTRUCTION.—Nothing in this paragraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Department of Labor or the Department of Education relating to a function transferred under this section may be continued by the appropriate receiving agency with the same effect as if this section had not been enacted.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the transfer of any function described in subsection (b)(2)(A) to the Federal Partnership.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsection (c)(1)(B) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (b) shall take effect on the date of enactment of this Act.

**SEC. 778. ELIMINATION OF CERTAIN OFFICES.**

(a) TERMINATION.—The Office of Vocational and Adult Education and the Employment and Training Administration shall terminate on July 1, 1998.

(b) OFFICE OF VOCATIONAL AND ADULT EDUCATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Education (10)'' and inserting ''Assistant Secretaries of Education (9)''.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—

(A) Section 202 of the Department of Education Organization Act (20 U.S.C. 3412) is amended—

(i) in subsection (b)(1)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(ii) by striking subsection (h); and

(iii) by redesignating subsection (i) as subsection (h).

(B) Section 206 of such Act (20 U.S.C. 3416) is repealed.

(C) Section 402(c)(1) of the Improving America's Schools Act of 1994 (20 U.S.C. 9001(c)(1)) is amended by striking ''established under'' and all that follows and inserting a semicolon.

(3) GOALS 2000: EDUCATE AMERICA ACT.—Section 931(h)(3)(A) of the Goals 2000: Educate America Act (20 U.S.C. 6031(h)(3)(A)) is amended—

(A) by striking clause (iii); and

(B) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(c) EMPLOYMENT AND TRAINING ADMINISTRATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Labor (10)'' and inserting ''Assistant Secretaries of Labor (9)''.

(2) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402(d)(3) of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended by striking ''and under any other program administered by the Employment and Training Administration of the Department of Labor''.

(3) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code, is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (12) as paragraphs (7) through (11), respectively.

(4) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—The last sentence of section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) is amended by striking ''or the Office of Job Training''.

(d) UNITED STATES EMPLOYMENT SERVICE.—

(1) TITLE 5, UNITED STATES CODE.—Section 3327 of title 5, United States Code, is amended—

(A) in subsection (a), by striking ''the employment offices of the United States Employment Service'' and inserting ''Governors''; and

(B) in subsection (b), by striking ''of the United States Employment Service''.

(2) TITLE 10, UNITED STATES CODE.—

(A) Section 1143a(d) of title 10, United States Code, is amended by striking paragraph (3).

(B) Section 2410k(b) of title 10, United States Code, is amended by striking '', and where appropriate the Interstate Job Bank (established by the United States Employment Service),''.

(3) INTERNAL REVENUE CODE OF 1986.—Section 51 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(4) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—Section 4468 of the National Defense Authorization Act for Fiscal Year 1993 (29 U.S.C. 1662d–1 note) is repealed.

(5) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code (as amended by subsection (c)(3)), is further amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraph (11) as paragraph (10).

(6) TITLE 39, UNITED STATES CODE.—

(A) Section 3202(a)(1) of title 39, United States Code is amended—

(i) in subparagraph (D), by striking the semicolon and inserting ''; and'';

(ii) by striking subparagraph (E); and

(iii) by redesignating subparagraph (F) as subparagraph (E).

(B) Section 3203(b) of title 39, United States Code, is amended by striking ''(1)(E), (2), and (3)'' and inserting ''(2) and (3)''.

(C) Section 3206(b) of title 39, United States Code, is amended by striking ''(1)(F)'' and inserting ''(1)(E)''.

(7) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) (as amended by subsection (c)(4)) is further amended by striking the last sentence.

(e) REORGANIZATION PLANS.—Except with respect to functions transferred under section 777, the authority granted to the Employment and Training Administration, the Office of Vocational and Adult Education, or any unit of the Employment and Training Administration or the Office of Vocational and Adult Education by any reorganization plan shall terminate on July 1, 1998.

## Subtitle F—Repeals of Employment and Training and Vocational and Adult Education Programs

### SEC. 781. REPEALS.

(a) IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95–250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.).

(6) Section 5322 of title 49, United States Code.

(7) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) Sections 235 and 236 of the Trade Act of 1974 (19 U.S.C. 2295 and 2296), and paragraphs (1) and (2) of section 250(d) of such Act (19 U.S.C. 2331(d)).

(2) The Adult Education Act (20 U.S.C. 1201 et seq.).

(3) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(4) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(5) The Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(8) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

### SEC. 782. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95–250.—Section 103 of Public Law 95–250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking ''each of the following programs'' and inserting ''the emergency community services homeless grant program established in section 751''; and

(ii) by striking ''tribes:'' and all that follows and inserting ''tribes.''.

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking ''5317, and 5322'' and inserting ''and 5317''.

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking ''Vocational Education Act of 1963'' and inserting ''Workforce Development Act of 1995''.

(B) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with '' which process'' through ''Act'' and inserting ''which process shall include coordination with the benchmarks described in section 731(c)(2) of the Workforce Development Act of 1995''; and

(II) in subsection (l), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(C) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''.

(D) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''(20 U.S.C. 2397h(3)'' and inserting '', as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995''.

(E) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking ''the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''July 1, 1998''.

(F) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking ''subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act'' and inserting ''subparagraph (C) or (D) of section 703(2) of the Workforce Development Act of 1995''; and

(ii) by striking ''any State (as defined in section 521(27) of such Act)'' and inserting ''any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 703 of such Act)''.

(G) Section 101(a)(11)(A) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)(A)) is amended by striking ''Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''Workforce Development Act of 1995''.

(H) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking ''Carl D. Perkins Vocational Education Act'' and inserting ''Workforce Development Act of 1995''.

(I) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking ''section 3 of the Carl D. Perkins Vocational Education Act'' and inserting ''the Workforce Development Act of 1995''.

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522, note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

''(20) The term 'educationally disadvantaged adult' means an individual who—

''(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

''(B) is not enrolled in secondary school;

''(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

''(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.''.

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking ''an adult basic education program under the Adult Education Act'' and inserting ''adult education activities under the Workforce Development Act of 1995''.

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking ''section 312 of the Adult Education Act'' and inserting ''section 703 of the Workforce Development Act of 1995''.

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking ''section 312(2) of the Adult Education Act'' and inserting ''section 703 of the Workforce Development Act of 1995''.

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(3) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 781(b).

(4) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (3).

## TITLE VIII—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

### Subtitle A—Amendments to the Rehabilitation Act of 1973

**SEC. 801. REFERENCES.**

Except as otherwise expressly provided in this subtitle, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

**SEC. 802. FINDINGS AND PURPOSES.**

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking ''the provision of individualized training, independent living services, educational and support services,'' and inserting ''implementation of a statewide workforce development system that provides meaningful and effective participation for individuals with disabilities in workforce development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of independent living services, support services,''; and

(2) in subsection (b)(1)(A), by inserting ''statewide workforce development systems that include, as integral components,'' after ''(A)''.

**SEC. 803. CONSOLIDATED REHABILITATION PLAN.**

(a) IN GENERAL.—Section 6 (29 U.S.C. 705) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Act is amended by striking the item relating to section 6.

**SEC. 804. DEFINITIONS.**

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

''(36) The term 'statewide workforce development system' means a statewide system, as defined in section 703 of the Workforce Development Act of 1995.

''(37) The term 'workforce development activities' has the meaning given the term in section 703 of the Workforce Development Act of 1995.

''(38) The term 'workforce employment activities' means the activities described in paragraphs (2) through (8) of section 716(a) of the Workforce Development Act of 1995, including activities described in section 716(a)(6) of such Act provided through a voucher described in section 716(a)(9) of such Act.''.

**SEC. 805. ADMINISTRATION.**

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting '', including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide workforce development system'' before the semicolon.

**SEC. 806. REPORTS.**

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking ''The data elements'' and all that follows through ''age,'' and inserting the following: ''The information shall include all information that is required to be submitted in the report described in section 731(a) of the Workforce Development Act of 1995 and that pertains to the employment of individuals with disabilities, including information on age,''.

**SEC. 807. EVALUATION.**

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking ''to the extent feasible,'' and all that follows through the end of the sentence and inserting the following: ''to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Secretary may modify or supplement such benchmarks after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.''.

**SEC. 808. DECLARATION OF POLICY.**

Section 100(a) (29 U.S.C. 720(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking ''; and'' and inserting a semicolon;

(B) in subparagraph (F)—

(i) by inserting ''workforce development activities and'' before ''vocational rehabilitation services''; and

(ii) by striking the period and inserting ''; and''; and

(C) by adding at the end the following subparagraph:

''(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide workforce development system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce development activities.''; and

(2) in paragraph (2)—

(A) by striking ''a comprehensive'' and inserting ''statewide comprehensive''; and

(B) by striking ''program of vocational rehabilitation that is designed'' and inserting ''programs of vocational rehabilitation, each of which is—

''(A) an integral component of a statewide workforce development system; and

''(B) designed''.

**SEC. 809. STATE PLANS.**

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

(1) in the first sentence, by striking '', or shall submit'' and all that follows through ''et seq.)'' and inserting '', and shall submit the State plan on the same dates as the State submits the State plan described in section 714 of the Workforce Development Act of 1995 to the Federal Partnership established under section 771 of such Act'';

(2) by inserting after the first sentence the following: ''The State shall also submit the State plan for vocational rehabilitation services for review and comment to any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995, which shall submit the comments on the State plan to the designated State unit.'';

(3) by striking paragraphs (10), (12), (13), (15), (17), (19), (23), (27), (28), (30), (34), and (35);

(4) in paragraph (20), by striking ''(20)'' and inserting ''(B)'';

(5) by redesignating paragraphs (3), (4), (5), (6), (7), (8), (9), (14), (16), (18), (21), (22), (24), (25), (26), (29), (31), (32), (33), and (36) as paragraphs (4), (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), and (24), respectively;

(6) in paragraph (1)(B)—

(A) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively; and

(B) by inserting before clause (ii) (as redesignated in subparagraph (A)) the following: ''(i) a State entity primarily responsible for implementing workforce employment activities through the statewide workforce development system of the State,'';

(7) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking ''(1)(B)(i)'' and inserting ''(1)(B)(ii)''; and

(B) in subparagraph (B)(ii), by striking ''(1)(B)(ii)'' and inserting ''(1)(B)(iii)'';

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

''(3) provide a plan for expanding and improving vocational rehabilitation services for individuals with disabilities on a statewide basis, including—

''(A) a statement of values and goals;

''(B) evidence of ongoing efforts to use outcome measures to make decisions about the effectiveness and future direction of the vocational rehabilitation program established under this title in the State; and

''(C) information on specific strategies for strengthening the program as an integral component of the statewide workforce development system established in the State, including specific innovative, state-of-the-art approaches for achieving sustained success in improving and expanding vocational rehabilitation services provided through the program, for all individuals with disabilities who seek employment, through plans, policies, and procedures that link the program with other components of the system, including plans, policies, and procedures relating to—

''(i) entering into cooperative agreements, between the designated State unit and appropriate entities responsible for carrying out the other components of the statewide workforce development system, which agreements may provide for—

''(I) provision of intercomponent staff training and technical assistance regarding the availability and benefits of, and eligibility standards for, vocational rehabilitation services, and regarding the provision of equal, effective, and meaningful participation by individuals with disabilities in workforce employment activities in the State through program accessibility, use of nondiscriminatory policies and procedures, and provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

''(II) use of information and financial management systems that link all components of the statewide workforce development system, that link the components to other electronic networks, and that relate to such subjects as labor market information, and information on job vacancies, skill qualifications, career planning, and workforce development activities;

''(III) use of customer service features such as common intake and referral procedures, customer data bases, resource information, and human service hotlines;

''(IV) establishment of cooperative efforts with employers to facilitate job placement and to develop and sustain working relationships with employers, trade associations, and labor organizations;

''(V) identification of staff roles and responsibilities and available resources for each entity that carries out a component of the statewide workforce development system with regard to paying for necessary services (consistent with State law); and

''(VI) specification of procedures for resolving disputes among such entities; and

''(ii) providing for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce development system;'';

(9) in paragraph (6) (as redesignated in paragraph (5))—

(A) by striking subparagraph (A) and inserting the following:

''(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—

''(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and

''(II) the response of the State to the assessment;

''(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;

''(iii) with regard to community rehabilitation programs—

''(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and

''(II) a description of the needs of the programs, including the community rehabilitation programs funded under the Act entitled ''An Act to Create a Committee on Purchases of Blind-made Products, and for other purposes'', approved June 25, 1938 (commonly known as the Wagner-O'Day Act; 41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and

''(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information—

''(I) showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);

''(II) showing the outcomes and service goals, and the time within which the outcomes and service goals may be achieved, for the rehabilitation of individuals receiving such services; and

''(III) describing how individuals with disabilities who will not receive such services if such order is in effect will be referred to other components of the statewide workforce development system for access to services offered by the components;''; and

(B) by striking subparagraph (C) and inserting the following subparagraphs:

''(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

''(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

''(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv)(I) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

''(I) the number of such individuals who are evaluated and the number rehabilitated;

''(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

''(III) the utilization by such individuals of other programs pursuant to paragraph (11); and

''(D) describe—

''(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

''(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

''(iii) the training that will be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the providers of one-stop delivery of core services described in section 716(a)(2) of the Workforce Development Act of 1995, and other related services personnel;'';

(10) in subparagraph (A) of paragraph (8) (as redesignated in paragraph (5))—

(A) in clause (i)(II), by striking '', based on projections'' and all that follows through ''relevant factors''; and

(B) by striking clauses (iii) and (iv) and inserting the following clauses:

''(iii) a description of the ways in which the system for evaluating the performance of rehabilitation counselors, coordinators, and other personnel used in the State facilitates the accomplishment of the purpose and policy of this title, including the policy of serving, among others, individuals with the most severe disabilities;

''(iv) provide satisfactory assurances that the system described in clause (iii) in no way impedes such accomplishment; and'';

(11) in paragraph (9) (as redesignated in paragraph (5)) by striking ''required—'' and all that follows through ''(B) prior'' and inserting ''required prior'';

(12) in paragraph (10) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C), by striking ''plan in accordance with such program'' and inserting ''State plan in accordance with the employment plan'';

(13) in paragraph (11)—

(A) in subparagraph (A), by striking ''State's public'' and all that follows and inserting ''State programs that are not part of the statewide workforce development system of the State;''; and

(B) in subparagraph (C)—

(i) by striking ''if appropriate—'' and all that follows through ''entering into'' and inserting ''if appropriate, entering into'';

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii), respectively; and

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (8) (as redesignated in paragraph (5));

(14) in paragraph (14) (as redesignated in paragraph (5))—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting before the semicolon the following '', and, in the case of the designated State unit, will take actions to take such views into account that include providing timely notice, holding public hearings, preparing a summary of hearing comments, and documenting and disseminating information relating to the manner in which the comments will affect services; and'';

(15) in paragraph (16) (as redesignated in paragraph (5)), by striking ''referrals to other Federal and State programs'' and inserting ''referrals within the statewide workforce development system of the State to programs''; and

(16) in paragraph (17) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking ''; and'' and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting ''; and''; and

(iii) by adding at the end the following clause:

''(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate;''.

(b) CONFORMING AMENDMENTS.—

(1) Section 7 (29 U.S.C. 706) is amended—

(A) in paragraph (3)(B)(ii), by striking ''101(a)(1)(B)(i)'' and inserting ''101(a)(1)(B)(ii)''; and

(B) in paragraph (22)(A)(i)(II), by striking ''101(a)(5)(A)'' each place it appears and inserting ''101(a)(6)(A)(iv)''.

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (1)(A), by striking ''paragraph (4) of this subsection'' and inserting ''paragraph (5)'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''paragraph (1)(B)(i)'' and inserting ''paragraph (1)(B)(ii)''; and

(ii) in subparagraph (B)(i), by striking ''paragraph (1)(B)(ii)'' and inserting ''paragraph (1)(B)(iii)'';

(C) in paragraph (17) (as redesignated in subsection (a)(5)), by striking ''paragraph (11)(C)(ii)'' and inserting ''paragraph (11)(C)'';

(D) in paragraph (22) (as redesignated in subsection (a)(5)), by striking ''paragraph (36)'' and inserting ''paragraph (24)''; and

(E) in subparagraph (C) of paragraph (24) (as redesignated in subsection (a)(5)), by striking ''101(a)(1)(A)(i)'' and inserting ''paragraph (1)(A)(i)''.

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking ''101(a)(24)'' and inserting ''101(a)(17)''; and

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking ''101(a)(36)'' and inserting ''101(a)(24)''; and

(ii) in subclause (III), by striking ''101(a)(36)(C)(ii)'' and inserting ''101(a)(24)(C)(ii)''.

(5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking ''101(a)(36)'' and inserting ''101(a)(24)''.

(6) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking ''101(a)(32)'' and inserting ''101(a)(22)'';

(B) in paragraph (3)(A), by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''; and

(C) in paragraph (4), by striking ''101(a)(35)'' and inserting ''101(a)(8)(A)(iii)''.

(7) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1), by striking ''and development and implementation'' and all that follows through ''referred to in section 101(a)(34)(B)''; and

(B) in paragraph (2)(A), by striking ''and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by section 101(a)(17)''.

(8) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking ''(not including sums used in accordance with section 101(a)(34)(B))''.

(9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking ''101(a)(22)'' and inserting ''101(a)(16)''.

(10) Section 635(b)(2) (29 U.S.C. 795n(b)(2)) is amended by striking ''101(a)(5)'' and inserting ''101(a)(6)(A)(i)(I)''.

(11) Section 802(h)(2)(B)(ii) (29 U.S.C. 797a(h)(2)(B)(ii)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(12) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking ''section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))'' and inserting ''section 101(a)(24) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(24))''.

**SEC. 810. INDIVIDUALIZED EMPLOYMENT PLANS.**

(a) IN GENERAL.—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

**''SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.'';**

(2) in subsection (a)(6), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(ii) in clause (ii), by striking ''program'' and inserting ''plan'';

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

''(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and'';

(II) by striking subclause (II); and

(III) by redesignating subclause (III) as subclause (II); and

(iii) in clause (xi)(I), by striking ''program'' and inserting ''plan'';

(C) in paragraph (1)(C), by striking ''written rehabilitation program and amendments to the program'' and inserting ''employment plan and amendments to the plan''; and

(D) in paragraph (2)—

(i) by striking ''program'' each place the term appears and inserting ''plan''; and

(ii) by striking ''written rehabilitation'' each place the term appears and inserting ''employment'';

(4) in subsection (c)—

(A) in paragraph (1), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) by striking ''written program'' each place the term appears and inserting ''plan''; and

(5) in subsection (d)—

(A) in paragraph (5), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in paragraph (6)(A), by striking the second sentence.

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:

''Sec. 102. Individualized employment plans.''.

(2) Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking ''written rehabilitation program'' each place the term appears and inserting ''employment plan''.

(3) Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking ''rehabilitation program'' and inserting ''employment plan''.

(4) Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking ''written rehabilitation programs'' and inserting ''employment plans''.

(5) Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking ''written rehabilitation program'' and inserting ''employment plan''.

**SEC. 811. SCOPE OF VOCATIONAL REHABILITATION SERVICES.**

Section 103 (29 U.S.C. 723) is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (B), by striking ''surgery or'';

(B) in subparagraph (D), by striking the comma at the end and inserting ''; and'';

(C) by striking subparagraph (E); and

(D) by redesignating subparagraph (F) as subparagraph (E); and

(2) in subsection (b)(1), by striking ''the most severe''.

**SEC. 812. STATE REHABILITATION ADVISORY COUNCIL.**

(a) IN GENERAL.—Section 105 (29 U.S.C. 725) is amended—

(1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: ''who, to the extent feasible, are members of any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995''; and

(2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

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

''(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title becomes an integral part of the statewide workforce development system of the State;''; and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking ''6024), and'' and inserting ''6024),''; and

(ii) by striking the semicolon at the end and inserting the following: '', and any State workforce development board established for the State under section 715 of the Workforce Development Act of 1995;''.

(b) CONFORMING AMENDMENT.—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (24) (as redesignated in section 409(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking ''105(c)(3)'' and inserting ''105(c)(4)''.

**SEC. 813. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.**

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking ''1994'' and inserting ''1996''; and

(2) by striking the period and inserting the following: ''that shall, to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 731(c) of the Workforce Development Act of 1995. For purposes of this section, the Commissioner may modify or supplement such benchmarks, after consultation with the National Board established under section 772 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program.''.

**SEC. 814. REPEALS.**

(a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.) is amended—

(1) by repealing part C; and

(2) by redesignating parts D and E as parts C and D, respectively.

(b) CONFORMING AMENDMENTS.—The table of contents for the Act is amended—

(1) by striking the items relating to part C of title I; and

(2) by striking the items relating to parts D and E of title I and inserting the following:

''PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

''Sec. 130. Vocational rehabilitation services grants.

''PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

''Sec. 140. Review of data collection and reporting system.

''Sec. 141. Exchange of data.''.

**SEC. 815. EFFECTIVE DATE.**

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.

(b) STATEWIDE SYSTEM REQUIREMENTS.—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this subtitle that relate to State benchmarks, or other components of a statewide system, shall take effect—

(1) in a State that submits and obtains approval of an interim plan under section 763 for program year 1997, on July 1, 1997; and

(2) in any other State, on July 1, 1998.

**Subtitle B—Amendments to Immigration and Nationality Act**

**SEC. 821. PROHIBITION ON USE OF FUNDS FOR CERTAIN EMPLOYMENT ACTIVITIES.**

Section 412(c)(1) of the Immigration and Nationality Act is amended by adding at the end the following new subparagraph:

''(D) Funds available under this paragraph may not be provided to States for workforce employment activities authorized and funded under the Workforce Development Act of 1995.''.

**Subtitle C—Amendments to the National Literacy Act of 1991**

**SEC. 831. NATIONAL INSTITUTE FOR LITERACY.**

Section 102 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is amended to read as follows:

**''SEC. 102. NATIONAL INSTITUTE FOR LITERACY.**

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the 'Institute'). The Institute shall be administered by the National Board established under section 772 of the Workforce Development Act of 1995 (in this section referred to as the 'National Board'). The National Board may include in the Institute any research and development center, institute, or clearinghouse that the National Board determines is appropriately included in the Institute.

''(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education or the Department of Labor.

''(3) RECOMMENDATIONS.—The National Board shall consider the recommendations of the National Institute Council established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals. The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g). If such Council's recommendations are not followed, the National Board shall provide a written explanation to such Council concerning actions the National Board has taken that includes the National Board's reasons for not following such Council's recommendations with respect to such actions. Such Council may also request a meeting with the National Board to discuss such Council's recommendations.

''(b) DUTIES.—

''(1) IN GENERAL.—The Institute is authorized, in order to improve the quality and accountability of the adult basic skills and literacy delivery system, to—

''(A) coordinate the support of research and development on literacy and basic skills education across Federal agencies and carry out basic and applied research and development on topics such as—

''(i) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

''(ii) carrying out evaluations of the effectiveness of literacy and adult education programs and services, including those supported by this Act; and

''(iii) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of literacy and adult education services;

''(B) provide technical assistance, information, and other program improvement activities to national, State, and local organizations, such as—

''(i) providing information and training to State and local workforce development boards and one-stop centers concerning how literacy and basic skills services can be incorporated in a coordinated workforce development model;

''(ii) improving the capacity of national, State, and local public and private literacy and basic skills professional development and technical assistance organizations, such as the State Literacy Resource Centers established under section 103; and

''(iii) providing information on-line and in print to all literacy and basic skills programs about best practices, models of collaboration for effective workforce, family, English as a Second Language, and other literacy programs, and other informational and communication needs; and

''(C) work with the National Board, the Departments of Education, Labor, and Health and Human Services, and the Congress to ensure that they have the best information available on literacy and basic skills programs in formulating Federal policy around the issues of literacy, basic skills, and workforce development.

''(2) CONTRACTS, COOPERATIVE AGREEMENTS, AND GRANTS.—The Institute may enter into contracts or cooperative agreements with, or make grants to, individuals, public or private nonprofit institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

''(c) LITERACY LEADERSHIP.—

''(1) FELLOWSHIPS.—The Institute is, in consultation with the Council, authorized to award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

''(2) USE OF FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

''(3) DESIGNATION.—Individuals receiving fellowships pursuant to this subsection shall be known as ''Literacy Leader Fellows''.

''(d) NATIONAL INSTITUTE COUNCIL.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—There is established the National Institute Council (in this section referred to as the ''Council''). The Council shall consist of 10 individuals appointed by the President with the advice and consent of the Senate from individuals who—

''(i) are not otherwise officers or employees of the Federal Government;

''(ii) are representative of entities or groups described in subparagraph (B); and

''(iii) are chosen from recommendations made to the President by individuals who represent such entities or groups.

''(B) ENTITIES OR GROUPS.—Entities or groups described in this subparagraph are—

''(i) literacy organizations and providers of literacy services, including—

''(I) providers of literacy services receiving assistance under this Act; and

''(II) nonprofit providers of literacy services;

''(ii) businesses that have demonstrated interest in literacy programs;

''(iii) literacy students;

''(iv) experts in the area of literacy research;

''(v) State and local governments; and

''(vi) organized labor.

''(2) DUTIES.—The Council shall—

''(A) make recommendations concerning the appointment of the Director and staff of the Institute;

''(B) provide independent advice on the operation of the Institute; and

''(C) receive reports from the National Board and the Director.

''(3) Except as otherwise provided, the Council established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act.

''(4) APPOINTMENT.—

''(A) DURATION.—Each member of the Council shall be appointed for a term of 3 years. Any such member may be appointed for not more than 2 consecutive terms.

''(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that members' term until a successor has taken office. A vacancy in the Council shall be filled in the manner in which the original appointment was made. A vacancy in the Council shall not affect the powers of the Council.

''(5) QUORUM.—A majority of the members of the Council shall constitute a quorum but a lesser number may hold hearings. Any recommendation may be passed only by a majority of its members present.

''(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Council shall be elected by the members. The term of

office of the Chairperson and Vice Chairperson shall be 2 years.

''(7) MEETINGS.—The Council shall meet at the call of the Chairperson or a majority of its members.

''(e) GIFTS, BEQUESTS, AND DEVISES.—The Institute and the Council may accept (but not solicit), use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Institute or the Council, respectively. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Institute or the Council, respectively.

''(f) MAILS.—The Council and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

''(g) STAFF.—The National Board, after considering recommendations made by the Council, shall appoint and fix the pay of a Director of the Institute and staff of the Institute.

''(h) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director of the Institute and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for GS–15 of the General Schedule.

''(i) EXPERTS AND CONSULTANTS.—The Council and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

''(j) REPORT.—The Institute shall submit a report to the Congress biennially. Each report submitted under this subsection shall include—

''(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for such fiscal year;

''(2) a description of how plans for the operation of the Institute for the succeeding fiscal year will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the National Board, Department of Education, the Department of Labor, and the Department of Health and Human Services; and

''(3) any additional minority, or dissenting views submitted by members of the Council.

''(k) FUNDING.—Any amounts appropriated to the National Board, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.''.

**SEC. 832. STATE LITERACY RESOURCE CENTERS.**

Section 103 of the National Literacy Act of 1991 is amended to read as follows:

**''SEC. 103. STATE LITERACY RESOURCE CENTERS.**

''(a) PURPOSE.—The purpose of this section is to establish a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to eliminate illiteracy by—

''(1) stimulating the coordination of literacy services;

''(2) enhancing the capacity of State and local organizations to provide literacy services; and

''(3) serving as a reciprocal link between the National Institute for Literacy established under section 102 and service providers for the purpose of sharing information, data, research, and expertise and literacy resources.

''(b) ESTABLISHMENT.—From amounts appropriated pursuant to section 734(b)(6) of the Workforce Development Act of 1995, the National Board is authorized to make grants for purposes of establishing a network of State or regional adult literacy resource centers.

''(c) ALLOTMENT.—

''(1) IN GENERAL.—From sums available for purposes of making grants under this section for any fiscal year, the National Board shall allot to each State having an application approved under subsection (f) an amount that bears the same ratio to such sums as the amount allotted to such State—

''(A) in the case of fiscal year 1996 only, under section 313(b) of the Adult Education Act (20 U.S.C. 1201(b)) for fiscal year 1995 for the purpose of making grants under section 321 of such Act (20 U.S.C. 1203), bears to the aggregate amount allotted to all States under such section for fiscal year 1995 for such purpose; and

''(B) in the case of fiscal years 1997, 1998, 1999, 2000, and 2001, under section 712 of the Workforce Development Act of 1995 for the fiscal year preceding the fiscal year for which the determination is made, bears to the aggregate amount allotted to all States under such section for such preceding fiscal year.

''(2) CONTRACTS.—The chief executive officer of each State that receives its allotment under this section shall contract on a competitive basis with the State educational agency, 1 or more local educational agencies, a State office on literacy, a volunteer organization, a community-based organization, an institution of higher education, or another nonprofit entity to operate a State or regional literacy resource center. No applicant participating in a competition pursuant to the preceding sentence shall participate in the review of its own application.

''(d) USE OF FUNDS.—Funds provided to each State under subsection (c)(1) to carry out this section shall be used to conduct activities to—

''(1) improve and promote the diffusion and adoption of state-of-the-art teaching methods, technologies and program evaluations;

''(2) develop innovative approaches to the coordination of literacy services within and among States and with the Federal Government;

''(3) assist public and private agencies in coordinating the delivery of literacy services;

''(4) encourage government and industry partnerships, including partnerships with small businesses, private nonprofit organizations, and community-based organizations;

''(5) encourage innovation and experimentation in literacy activities that will enhance the delivery of literacy services and address emerging problems;

''(6) provide technical and policy assistance to State and local governments and service providers to improve literacy policy and programs and access to such programs;

''(7) provide training and technical assistance to literacy instructors in reading instruction and in—

''(A) selecting and making the most effective use of state-of-the-art methodologies, instructional materials, and technologies such as—

''(i) computer assisted instruction;

''(ii) video tapes;

''(iii) interactive systems; and

''(iv) data link systems; or

''(B) assessing learning style, screening for learning disabilities, and providing individualized remedial reading instruction; or

''(8) encourage and facilitate the training of full-time professional adult educators.

''(e) ALTERNATIVE USES OF EQUIPMENT.—Equipment purchases pursuant to this section, when not being used to carry out the provisions of this section, may be used for other instructional purposes if—

''(1) the acquisition of the equipment was reasonable and necessary for the purpose of conducting a properly designed project or activity under this section;

''(2) the equipment is used after regular program hours or on weekends; and

''(3) such other use is—

''(A) incidental to the use of the equipment under this section;

''(B) does not interfere with the use of the equipment under this section; and

''(C) does not add to the cost of using the equipment under this section.

''(f) APPLICATIONS.—Each State or group of States, as appropriate, that desires to receive a grant under this section for a regional adult literacy resource center, a State adult literacy resource center, or both, shall submit to the National Board an application that describes how the State or group of States will—

''(1) develop a literacy resource center or expand an existing literacy resource center;

''(2) provide services and activities with the assistance provided under this section;

''(3) assure access to services of the center for the maximum participation of all public and private programs and organizations providing or seeking to provide basic skills instruction, including local educational agencies, agencies responsible for corrections education, welfare agencies, labor organizations, businesses, volunteer groups, and community-based organizations;

''(4) address the measurable goals for improving literacy levels as set forth in the plan submitted pursuant to section 714 of the Workforce Development Act of 1995; and

''(5) develop procedures for the coordination of literacy activities for statewide and local literacy efforts conducted by public and private organizations, and for enhancing the systems of service delivery.

''(g) PAYMENTS; FEDERAL SHARE.—

''(1) PAYMENTS.—The National Board shall pay to each State having an application approved pursuant to subsection (f) the Federal share of the cost of the activities described in the application.

''(2) FEDERAL SHARE.—The Federal share—

''(A) for each of the first 2 fiscal years in which the State receives funds under this section shall not exceed 80 percent;

''(B) for each of the third and fourth fiscal years in which the State receives funds under this section shall not exceed 70 percent; and

''(C) for the fifth and each succeeding fiscal year in which the State receives funds under this section shall not exceed 60 percent.

''(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this section may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

''(h) REGIONAL CENTERS.—

''(1) IN GENERAL.—A group of States may enter into an interstate agreement to develop and operate a regional adult literacy resource center for purposes of receiving assistance under this section if the States determine that a regional approach is more appropriate for their situation.

''(2) REQUIREMENTS.—Any State that receives assistance under this section as part of a regional center shall only be required to provide under subsection (g) 50 percent of the funds such State would otherwise be required to provide under such subsection.

''(3) MINIMUM.—In any fiscal year in which the amount a State will receive under this section is less than $100,000, the National

Board may designate the State to receive assistance under this section only as part of a regional center.

''(4) INAPPLICABILITY.—The provisions of paragraph (3) shall not apply to any State that can demonstrate to the National Board that the total amount of Federal, State, local and private funds expended to carry out the purposes of this section would equal or exceed $100,000.

''(5) SPECIAL RULE.—In any fiscal year in which paragraph (2) applies, the National Board may allow certain States that receive assistance as part of a regional center to reserve a portion of such assistance for a State adult literacy resource center pursuant to this section.''.

**SEC. 833. NATIONAL WORKFORCE LITERACY ASSISTANCE COLLABORATIVE.**

Subsection (c) of section 201 of the National Literacy Act of 1991 (20 U.S.C. 1211–1) is repealed.

**SEC. 834. FAMILY LITERACY PUBLIC BROADCASTING PROGRAM.**

Section 304 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is repealed.

**SEC. 835. MANDATORY LITERACY PROGRAM.**

Paragraph (3) of section 601(i) of the National Literacy Act of 1991 (20 U.S.C. 1211–2(i) is amended—

(1) by striking ''1994, and'' and inserting ''1994,''; and

(2) by inserting '', and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, 1999, 2000, and 2001'' before the period.

## TITLE IX—CHILD SUPPORT

**SEC. 900. REFERENCE TO SOCIAL SECURITY ACT.**

Except as otherwise specifically provided, whenever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

### Subtitle A—Eligibility for Services; Distribution of Payments

**SEC. 901. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.**

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

''(4) provide that the State will—

''(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

''(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless the State agency administering the plan determines (in accordance with paragraph (29)) that it is against the best interests of the child to do so; and

''(ii) any other child, if an individual applies for such services with respect to the child; and

''(B) enforce any support obligation established with respect to—

''(i) a child with respect to whom the State provides services under the plan; or

''(ii) the custodial parent of such a child.''; and

(2) in paragraph (6)—

(A) by striking ''provide that'' and inserting ''provide that—'';

(B) by striking subparagraph (A) and inserting the following new subparagraph:

''(A) services under the plan shall be made available to nonresidents on the same terms as to residents;'';

(C) in subparagraph (B), by inserting ''on individuals not receiving assistance under any State program funded under part A'' after ''such services shall be imposed'';

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking ''and'' at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(3) by adding after paragraph (24) the following new paragraph:

''(25) provide that when a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of individuals to whom services are furnished under this section, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking ''454(6)'' and inserting ''454(4)''.

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking ''454(6)'' each place it appears and inserting ''454(4)(A)(ii)''.

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''in the case of overdue support which a State has agreed to collect under section 454(6)'' and inserting ''in any other case''.

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''paragraph (4) or (6) of section 454'' and inserting ''section 454(4)''.

**SEC. 902. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.**

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

**''SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

''(a) IN GENERAL.—An amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

''(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

''(A) retain, or distribute to the family, the State share of the amount so collected; and

''(B) pay to the Federal Government the Federal share of the amount so collected.

''(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

''(A) CURRENT SUPPORT PAYMENTS.—The State shall, with regard to amounts collected which represent amounts owed for the current month, distribute the amounts so collected to the family.

''(B) PAYMENT OF ARREARAGES.—The State shall, with regard to amounts collected which exceed amounts owed for the current month, distribute the amounts so collected as follows:

''(i) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED AFTER THE FAMILY RECEIVED ASSISTANCE.—The State shall distribute the amount so collected to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family stopped receiving assistance from the State.

''(ii) DISTRIBUTION TO THE FAMILY TO SATISFY ARREARAGES THAT ACCRUED BEFORE OR WHILE THE FAMILY RECEIVED ASSISTANCE TO THE EXTENT PAYMENTS EXCEED ASSISTANCE RECEIVED.—In the case of arrearages of support obligations with respect to the family that were assigned to the State making or receiving the collection, as a condition of receiving assistance from the State, and which accrued before or while the family received such assistance, the State may retain all or a part of the State share and if the State does so retain, shall retain and pay to the Federal Government the Federal share of amounts so collected, to the extent the amount so retained does not exceed the amount of assistance provided to the family by the State.

''(iii) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither clause (i) nor clause (ii) applies to the amount so collected, the State shall distribute the amount to the family.

''(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

''(b) TRANSITION RULE.—Any rights to support obligations which were assigned to a State as a condition of receiving assistance from the State under part A before the effective date of the Work Opportunity Act of 1995 shall remain assigned after such date.

''(c) DEFINITIONS.—As used in subsection (a):

''(1) ASSISTANCE.—The term 'assistance from the State' means—

''(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect before October 1, 1995); or

''(B) benefits under the State plan approved under part E of this title.

''(2) FEDERAL SHARE.—The term 'Federal share' means, with respect to an amount collected by the State to satisfy a support obligation owed to a family for a time period—

''(A) the greatest Federal medical assistance percentage in effect for the State for fiscal year 1995 or any succeeding fiscal year; or

''(B) if support is not owed to the family for any month for which the family received aid to families with dependent children under the State plan approved under part A of this title (as in effect before October 1, 1995), the Federal reimbursement percentage for the fiscal year in which the time period occurs.

''(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

''(A) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any State for which subparagraph (B) does not apply; or

''(B) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

''(4) FEDERAL REIMBURSEMENT PERCENTAGE.—The term 'Federal reimbursement percentage' means, with respect to a fiscal year—

''(A) the total amount paid to the State under section 403 for the fiscal year; divided by

''(B) the total amount expended by the State to carry out the State program under part A during the fiscal year.

''(5) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.''.

(b) CONFORMING AMENDMENT.—Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking ''section 457(b)(4) or (d)(3)'' and inserting ''section 457''.

(c) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking ''(11)'' and inserting ''(11)(A)''; and

(B) by inserting after the semicolon ''and''; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(d) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as provided in paragraphs (2) and (3), the amendment made by subsection (a) shall become effective on October 1, 1999.

(2) EARLIER EFFECTIVE DATE FOR RULES RELATING TO DISTRIBUTION OF SUPPORT COLLECTED FOR FAMILIES RECEIVING ASSISTANCE.—Section 457(a)(1) of the Social Security Act, as added by the amendment made by subsection (a), shall become effective on October 1, 1995.

(3) SPECIAL RULE.—A State may elect to have the amendment made by subsection (a) become effective on a date earlier than October 1, 1999, which date shall coincide with the operation of the single statewide automated data processing and information retrieval system required by section 454A of the Social Security Act (as added by section 944(a)(2)) and the State disbursement unit required by section 454B of the Social Security Act (as added by section 912(b)), and the existence of State requirements for assignment of support as a condition of eligibility for assistance under part A of the Social Security Act (as added by title I).

(4) CLERICAL AMENDMENTS.—The amendments made by subsection (b) shall become effective on October 1, 1995.

**SEC. 903. RIGHTS TO NOTIFICATION AND HEARINGS.**

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 902(b), is amended by inserting after paragraph (11) the following new paragraph:

''(12) establish procedures to provide that—

''(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

''(i) receive notice of all proceedings in which support obligations might be established or modified; and

''(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination; and

''(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that meets standards established by the Secretary and ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order);''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

**SEC. 904. PRIVACY SAFEGUARDS.**

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 901(b), is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

(3) by adding after paragraph (25) the following new paragraph:

''(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

''(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

''(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

''(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

**Subtitle B—Locate and Case Tracking**

**SEC. 911. STATE CASE REGISTRY.**

Section 454A, as added by section 944(a)(2), is amended by adding at the end the following new subsections:

''(e) STATE CASE REGISTRY.—

''(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

''(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

''(B) each support order established or modified in the State on or after October 1, 1998.

''(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

''(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on-case status) as the Secretary may require.

''(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

''(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

''(B) any amount described in subparagraph (A) that has been collected;

''(C) the distribution of such collected amounts;

''(D) the birth date of any child for whom the order requires the provision of support; and

''(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

''(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

''(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

''(B) information obtained from comparison with Federal, State, or local sources of information;

''(C) information on support collections and distributions; and

''(D) any other relevant information.

''(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

''(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

''(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

''(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

''(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.''.

**SEC. 912. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.**

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 901(b) and 904(a), is amended—

(1) by striking ''and'' at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ''; and''; and

(3) by adding after paragraph (26) the following new paragraph:

''(27) provide that, on and after October 1, 1998, the State agency will—

''(A) operate a State disbursement unit in accordance with section 454B; and

''(B) have sufficient State staff (consisting of State employees), and (at State option) private or governmental contractors reporting directly to the State agency, to—

''(i) provide automated monitoring and enforcement of support collections through the unit (including carrying out the automated data processing responsibilities described in section 454A(g)); and

''(ii) take the actions described in section 466(c)(1) in appropriate cases.''.

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 944(a)(2), is amended by inserting after section 454A the following new section:

**''SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.**

''(a) STATE DISBURSEMENT UNIT.—

''(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders

in all cases being enforced by the State pursuant to section 454(4).

''(2) OPERATION.—The State disbursement unit shall be operated—

''(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

''(B) in coordination with the automated system established by the State pursuant to section 454A.

''(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section. The Secretary must agree that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

''(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

''(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

''(2) for accurate identification of payments;

''(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

''(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

''(c) TIMING OF DISBURSEMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

''(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

''(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.''.

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 944(a)(2) and as amended by section 911, is amended by adding at the end the following new subsection:

''(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

''(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

''(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

''(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; and

''(ii) using uniform formats prescribed by the Secretary;

''(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

''(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) where payments are not timely made.

''(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

**SEC. 913. STATE DIRECTORY OF NEW HIRES.**

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a) and 912(a), is amended—

(1) by striking ''and'' at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting ''; and''; and

(3) by adding after paragraph (27) the following new paragraph:

''(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.''.

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

**''SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

''(2) DEFINITIONS.—As used in this section:

''(A) EMPLOYEE.—The term 'employee'—

''(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

''(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

''(B) EMPLOYER.—The term 'employer' includes—

''(i) any governmental entity, and

''(ii) any labor organization.

''(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

''(b) EMPLOYER INFORMATION.—

''(1) REPORTING REQUIREMENT.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which it will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

''(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

''(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

''(A) 30 days after the date the employer hires the employee; or

''(B) in the case of an employer that reports by magnetic or electronic means, the 1st business day of the week following the date on which the employee 1st receives wages or other compensation from the employer.

''(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form and may be transmitted by 1st class mail, magnetically, or electronically.

''(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a State civil money penalty which shall be less than—

''(1) $25; or

''(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

''(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

''(f) INFORMATION COMPARISONS.—

''(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

''(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(g) TRANSMISSION OF INFORMATION.—

''(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

''(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

''(A) NEW HIRE INFORMATION.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish

the information to the National Directory of New Hires.

''(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

''(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

''(h) OTHER USES OF NEW HIRE INFORMATION.—

''(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

''(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

''(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.''.

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting ''(including State and local governmental entities)'' after ''employers''; and

(2) by inserting '', and except that no report shall be filed with respect to an employee of a State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission'' after ''paragraph (2)''.

**SEC. 914. AMENDMENTS CONCERNING INCOME WITHHOLDING.**

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

''(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

''(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)''.

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

''(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each absent parent to whom paragraph (1) applies—

''(i) that the withholding has commenced; and

''(ii) of the procedures to follow if the absent parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

''(B) The notice under subparagraph (A) shall include the information provided to the employer under paragraph (6)(A).''.

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows ''administered by'' and inserting ''the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.''.

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking ''to the appropriate agency'' and all that follows and inserting ''to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.'';

(ii) in clause (ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

(iii) by adding at the end the following new clause:

''(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.''.

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking ''any employer'' and all that follows and inserting ''any employer who—

''(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

''(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection.''.

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

''(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order through electronic means and without advance notice to the obligor.''.

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

**SEC. 915. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.**

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

''(12) Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.''.

**SEC. 916. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.**

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows ''subsection (c))'' and inserting '', for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child visitation orders—

''(1) information on, or facilitating the discovery of, the location of any individual—

''(A) who is under an obligation to pay child support or provide child visitation rights;

''(B) against whom such an obligation is sought;

''(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

''(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

''(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.''; and

(2) in subsection (b), in the matter preceding paragraph (1), by striking ''social security'' and all that follows through ''absent parent'' and inserting ''information described in subsection (a)''.

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking ''support'' and inserting ''support or to seek to enforce orders providing child visitation rights'';

(2) in paragraph (2), by striking '', or any agent of such court; and'' and inserting ''or to issue an order against a resident parent for visitation rights, or any agent of such court;'';

(3) by striking the period at the end of paragraph (3) and inserting ''; and''; and

(4) by adding at the end the following new paragraph:

''(4) the absent parent, only with regard to a court order against a resident parent for child visitation rights.''.

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting ''in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)'' before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

''(g) The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).''.

(e) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting ''Federal'' before ''Parent'' each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding ''FEDERAL'' before ''PARENT''.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsection:

''(h)(1) Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

''(2) The information referred to in paragraph (1) with respect to a case shall be such

information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

''(i)(1) In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1996, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

''(2) Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

''(3) The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

''(4) The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

''(j)(1)(A) The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

''(B) The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

''(i) The name, social security number, and birth date of each such individual.

''(ii) The employer identification number of each such employer.

''(2) For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

''(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

''(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

''(3) To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

''(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

''(B) disclose information in such registries to such State agencies.

''(4) The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

''(5) The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

''(k)(1) The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

''(2) The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

''(3) A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

''(l) Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

''(m) The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

''(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

''(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

''(n) Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that no report shall be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.''.

(f) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

''(B) the Federal Parent Locator Service established under section 453;''.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place such term appears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and''.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

''(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

''(A) disclose quarterly, to the Secretary of Health and Human Services wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

''(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

''(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

''(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

''(3) For purposes of this subsection—

''(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

''(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.''.

**SEC. 917. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.**

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 915, is amended by adding at the end the following new paragraph:

''(13) Procedures requiring that the social security number of—

''(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

''(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

''(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.''.

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking ''may require'' and inserting ''shall require'';

(2) in clause (ii), by inserting after the 1st sentence the following: ''In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.'';

(3) in clause (ii), by inserting ''or marriage certificate'' after ''Such numbers shall not be recorded on the birth certificate''.

(4) in clause (vi), by striking ''may'' and inserting ''shall''; and

(5) by adding at the end the following new clauses:

''(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

''(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgement in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.''.

## Subtitle C—Streamlining and Uniformity of Procedures

### SEC. 921. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

''(f)(1) In order to satisfy section 454(20)(A) on or after January 1, 1997, each State must have in effect the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992 (with the modifications and additions specified in this subsection), and the procedures required to implement such Act.

''(2) The State law enacted pursuant to paragraph (1) may be applied to any case involving an order which is established or modified in a State and which is sought to be modified or enforced in another State.

''(3) The State law enacted pursuant to paragraph (1) of this subsection shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act:

'' '(1) the following requirements are met:

'' '(i) the child, the individual obligee, and the obligor—

'' '(I) do not reside in the issuing State; and

'' '(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

'' '(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

''(4) The State law enacted pursuant to paragraph (1) shall provide that, in any proceeding subject to the law, process may be served (and proved) upon persons in the State by any means acceptable in any State which is the initiating or responding State in the proceeding.''.

### SEC. 922. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i)'';

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

'' 'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.'';

(3) in subsection (c), by inserting ''by a court of a State'' before ''is made'';

(4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located'';

(5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued'';

(7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume'';

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

''(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

''(1) If only 1 court has issued a child support order, the order of that court must be recognized.

''(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

''(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

''(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.'';

(11) in subsection (g) (as so redesignated)—

(A) by striking ''PRIOR'' and inserting ''MODIFIED''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting ''including the duration of current payments and other obligations of support'' before the comma; and

(B) in paragraph (3), by inserting ''arrears under'' after ''enforce''; and

(13) by adding at the end the following new subsection:

''(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.''.

### SEC. 923. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915 and 917(a), is amended by adding at the end the following new paragraph:

''(14) Procedures under which—

''(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

''(ii) the term 'business day' means a day on which State offices are open for regular business;

''(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

''(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

''(ii) shall constitute a certification by the requesting State—

''(I) of the amount of support under the order the payment of which is in arrears; and

''(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

''(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

''(D) the State shall maintain records of—

''(i) the number of such requests for assistance received by the State;

''(ii) the number of cases for which the State collected support in response to such a request; and

''(iii) the amount of such collected support.''.

### SEC. 924. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking ''and'' at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(11) not later than 60 days after the date of the enactment of the Work Opportunity Act of 1995, establish an advisory committee, which shall include State directors of programs under this part, and not later than June 30, 1996, after consultation with the advisory committee, promulgate forms to be used by States in interstate cases for—

''(A) collection of child support through income withholding;

''(B) imposition of liens; and

''(C) administrative subpoenas.''.

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking ''and'' at the end of subparagraph (C);

(2) by inserting ''and'' at the end of subparagraph (D); and

(3) by adding at the end the following new subparagraph:

''(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;''.

**SEC. 925. STATE LAWS PROVIDING EXPEDITED PROCEDURES.**

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 914, is amended—

(1) in subsection (a)(2), by striking the 1st sentence and inserting the following: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) The procedures specified in this subsection are the following:

''(1) Procedures which give the State agency the authority to take the following actions relating to establishment or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

''(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

''(B) To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

''(C) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

''(D) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

''(i) Records of other State and local government agencies, including—

''(I) vital statistics (including records of marriage, birth, and divorce);

''(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

''(III) records concerning real and titled personal property;

''(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

''(V) employment security records;

''(VI) records of agencies administering public assistance programs;

''(VII) records of the motor vehicle department; and

''(VIII) corrections records.

''(ii) Certain records held by private entities, including—

''(I) customer records of public utilities and cable television companies; and

''(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

''(E) In cases where support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

''(F) To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

''(G) In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

''(i) intercepting or seizing periodic or lump-sum payments from—

''(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

''(II) judgments, settlements, and lotteries;

''(ii) attaching and seizing assets of the obligor held in financial institutions;

''(iii) attaching public and private retirement funds; and

''(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

''(H) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

''(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

''(A) Procedures under which—

''(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and name and telephone number of employer; and

''(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

''(B) Procedures under which—

''(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

''(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.''.

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 944(a)(2) and as amended by sections 911 and 912(c), is amended by adding at the end the following new subsection:

''(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).''.

**Subtitle D—Paternity Establishment**

**SEC. 931. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.**

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

''(5)(A)(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 21 years of age.

''(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 21 years was then in effect in the State.

''(B)(i) Procedures under which the State is required, in a contested paternity case, unless otherwise barred by State law, to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party if the request is supported by a sworn statement by the party—

''(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

''(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

''(ii) Procedures which require the State agency in any case in which the agency orders genetic testing—

''(I) to pay costs of such tests, subject to recoupment (where the State so elects) from the alleged father if paternity is established; and

''(II) to obtain additional testing in any case where an original test result is contested, upon request and advance payment by the contestant.

''(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

''(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

''(iii)(I) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

''(II)(aa) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

''(bb) The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the

same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

''(iv) Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

''(D)(i) Procedures under which the name of the father shall be included on the record of birth of the child only—

''(I) if the father and mother have signed a voluntary acknowledgment of paternity; or

''(II) pursuant to an order issued in a judicial or administrative proceeding.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit an order issued in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

''(ii) Procedures under which—

''(I) a voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within 60 days;

''(II) after the 60-day period referred to in subclause (I), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown; and

''(III) judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

''(E) Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

''(F) Procedures—

''(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

''(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

''(II) performed by a laboratory approved by such an accreditation body;

''(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

''(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

''(G) Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

''(H) Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

''(I) Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

''(J) Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

''(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

''(L) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

''(M) Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.''.

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent'' before the semicolon.

(c) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

**SEC. 932. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.**

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting ''and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate'' before the semicolon.

**SEC. 933. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE.**

Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(a), and 913(a), is amended—

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting ''; and''; and

(3) by inserting after paragraph (28) the following new paragraph:

''(29) provide that the State agency responsible for administering the State plan—

''(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to such good cause and other exceptions as the State shall establish and taking into account the best interests of the child;

''(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

''(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order; and

''(D) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore.''.

**Subtitle E—Program Administration and Funding**

**SEC. 941. PERFORMANCE-BASED INCENTIVES AND PENALTIES.**

(a) INCENTIVE PAYMENTS.—

(1) IN GENERAL.—Section 458 (42 U.S.C. 658) is amended—

(A) in subsection (a), by striking ''aid to families'' and all through the end period, and inserting ''assistance under a program funded under part A, and regardless of the economic circumstances of their parents, the Secretary shall, from the support collected which would otherwise represent the reimbursement to the Federal government under section 457, pay to each State for each fiscal year, on a quarterly basis (as described in subsection (e)) beginning with the quarter commencing October 1, 1999, an incentive payment in an amount determined under subsections (b) and (c).'';

(B) by striking subsections (b) and (c) and inserting the following:

''(b)(1) Not later than 60 days after the date of the enactment of the Work Opportunity Act of 1995, the Secretary shall establish a committee which shall include State directors of programs under this part and which shall develop for the Secretary's approval a formula for the distribution of incentive payments to the States.

''(2) The formula developed and approved under paragraph (1)—

''(A) shall result in a percentage of the collections described in subsection (a) being distributed to each State based on the State's comparative performance in the following areas and any other areas approved by the Secretary under this subsection:

''(i) The IV-D paternity establishment percentage, as defined in section 452(g)(2).

''(ii) The percentage of cases with a support order with respect to which services are being provided under the State plan approved under this part.

''(iii) The percentage of cases with a support order in which child support is paid with respect to which services are being so provided.

''(iv) In cases receiving services under the State plan approved under this part, the amount of child support collected compared to the amount of outstanding child support owed.

''(v) The cost-effectiveness of the State program;

''(B) shall take into consideration—

''(i) the impact that incentives can have on reducing the need to provide public assistance and on permanently removing families from public assistance;

''(ii) the need to balance accuracy and fairness with simplicity of understanding and data gathering;

''(iii) the need to reward performance which improves short- and long-term program outcomes, especially establishing paternity and support orders and encouraging the timely payment of support;

''(iv) the Statewide paternity establishment percentage;

''(v) baseline data on current performance and projected costs of performance increases to assure that top performing States can actually achieve the top incentive levels with a reasonable resource investment;

''(vi) performance outcomes which would warrant an increase in the total incentive payments made to the States; and

''(vii) the use or distribution of any portion of the total incentive payments in excess of the total of the payments which may be distributed under subsection (c);

''(C) shall be determined so as to distribute to the States total incentive payments equal

to the total incentive payments for all States in fiscal year 1994, plus a portion of any increase in the reimbursement to the Federal Government under section 457 from fiscal year 1999 or any other increase based on other performance outcomes approved by the Secretary under this subsection;

''(D) shall use a definition of the term 'State' which does not include any area within the jurisdiction of an Indian tribal government; and

''(E) shall use a definition of the term 'Statewide paternity establishment percentage' to mean with respect to a State and a fiscal year—

''(i) the total number of children in the State who were born out of wedlock, who have not attained 1 year of age and for whom paternity is established or acknowledged during the fiscal year; divided by

''(ii) the total number of children born out of wedlock in the State during the fiscal year.

''(c) The total amount of the incentives payment made by the Secretary to a State in a fiscal year shall not exceed 90 percent of the total amounts expended by such State during such year for the operation of the plan approved under section 454, less payments to the State pursuant to section 455 for such year.'';

(2) in subsection (d), by striking '', and any amounts'' through ''shall be excluded''.

(b) PAYMENTS TO POLITICAL SUBDIVISIONS.—Section 454(22) (42 U.S.C. 654(22)) is amended by inserting before the semicolon the following: '', but a political subdivision shall not be entitled to receive, and the State may retain, any amount in excess of the amount the political subdivision expends on the State program under this part, less the amount equal to the percentage of that expenditure paid by the Secretary under section 455''.

(c) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) in the matter preceding subparagraph (A) by inserting ''its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and'' after ''1994,''; and

(B) in each of subparagraphs (A) and (B), by striking ''75'' and inserting ''90''.

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking ''paternity establishment percentage'' and inserting ''IV–D paternity establishment percentage''; and

(B) by striking ''(or all States, as the case may be)''.

(3) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as so redesignated), by striking ''the percentage of children born out-of-wedlock in a State'' and inserting ''the percentage of children in a State who are born out of wedlock or for whom support has not been established''; and

(C) in subparagraph (B) (as so redesignated)—

(i) by inserting ''and overall performance in child support enforcement'' after ''paternity establishment percentages''; and

(ii) by inserting ''and securing support'' before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a) and (b) shall become effective on the date of the enactment of this Act, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 2000.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

**SEC. 942. FEDERAL AND STATE REVIEWS AND AUDITS.**

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking ''(14)'' and inserting ''(14)(A)'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

''(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

''(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.''.

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

''(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

''(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

''(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

''(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

''(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

''(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

''(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

''(iii) for such other purposes as the Secretary may find necessary;''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

**SEC. 943. REQUIRED REPORTING PROCEDURES.**

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting '', and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures'' before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(a), 913(a), and 933, is amended—

(1) by striking ''and'' at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting ''; and''; and

(3) by adding after paragraph (29) the following new paragraph:

''(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.''.

**SEC. 944. AUTOMATED DATA PROCESSING REQUIREMENTS.**

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking '', at the option of the State,'';

(B) by inserting ''and operation by the State agency'' after ''for the establishment'';

(C) by inserting ''meeting the requirements of section 454A'' after ''information retrieval system'';

(D) by striking ''in the State and localities thereof, so as (A)'' and inserting ''so as'';

(E) by striking ''(i)''; and

(F) by striking ''(including'' and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

**''SEC. 454A. AUTOMATED DATA PROCESSING.**

''(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

''(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

''(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

''(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

''(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

''(1) use the automated system—

''(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

''(B) to calculate the IV–D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

''(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

''(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

''(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

''(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

''(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

''(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

''(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

''(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

''(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.''.

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 904(a)(2) and 912(a)(1), is amended to read as follows:

''(24) provide that the State will have in effect an automated data processing and information retrieval system—

''(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988; and

''(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Work Opportunity Act of 1995, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 944(a)(3) of the Work Opportunity Act of 1995.''.

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking ''90 percent'' and inserting ''the percent specified in paragraph (3)'';

(ii) by striking ''so much of''; and

(iii) by striking ''which the Secretary'' and all that follows and inserting '', and''; and

(B) by adding at the end the following new paragraph:

''(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on the day before the date of the enactment of the Work Opportunity Act of 1995), but limited to the amount approved for States in the advance planning documents of such States submitted on or before May 1, 1995.

''(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

''(ii) The percentage specified in this clause is the greater of—

''(I) 80 percent; or

''(II) the percentage otherwise applicable to Federal payments to the State under subparagraph (A) (as adjusted pursuant to section 458).''.

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $260,000,000 in the aggregate under section 455(a)(3) of the Social Security Act for fiscal years 1996, 1997, 1998, 1999, and 2000.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3) of such Act for fiscal years 1996, 1997, 1998, 1999, and 2000 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

**SEC. 945. TECHNICAL ASSISTANCE.**

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

''(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

''(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

''(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.''.

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 916(f), is amended by adding at the end the following new subsection:

''(n) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.''.

**SEC. 946. REPORTS AND DATA COLLECTION BY THE SECRETARY.**

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following new clauses:

''(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of so furnishing the services; and

''(iii) the number of cases involving families—

''(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

''(II) with respect to whom a child support payment was received in the month;''.

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking ''with the data required under each clause being separately stated for cases'' and inserting ''separately stated for (1) cases'';

(ii) by striking ''cases where the child was formerly receiving'' and inserting ''or formerly received'';

(iii) by inserting ''or 1912'' after ''471(a)(17)''; and

(iv) by inserting ''(2)'' before ''all other'';

(B) in each of clauses (i) and (ii), by striking '', and the total amount of such obligations'';

(C) in clause (iii), by striking ''described in'' and all that follows and inserting ''in which support was collected during the fiscal year;'';

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

''(iv) the total amount of support collected during such fiscal year and distributed as current support;

''(v) the total amount of support collected during such fiscal year and distributed as arrearages;

''(vi) the total amount of support due and unpaid for all fiscal years; and''.

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking ''on the use of Federal courts and''.

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking ''and'';

(B) in subparagraph (I), by striking the period and inserting ''; and''; and

(C) by inserting after subparagraph (I) the following new subparagraph:

''(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).''.

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

**Subtitle F—Establishment and Modification of Support Orders**

**SEC. 951. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.**

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the National Child Support Guidelines Commission (in this section referred to as the ''Commission'').

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including—

(A) support (including shared support) for postsecondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the Consumer Price Index or either parent's income and expenses in particular cases;

(8) procedures to help noncustodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Chairman of the Committee on Finance of the Senate, and 1 shall be appointed by the ranking minority member of the Committee;

(ii) 2 shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives, and 1 shall be appointed by the ranking minority member of the Committee; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The 1st sentence of subparagraph (C), the 1st and 3rd sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

**SEC. 952. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.**

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

''(10) Procedures under which the State shall review and adjust each support order being enforced under this part upon the request of either parent or the State if there is an assignment. Such procedures shall provide the following:

''(A) The State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

''(B)(i) The State may elect to review and, if appropriate, adjust an order pursuant to subparagraph (A) by—

''(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

''(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

''(ii) Any adjustment under clause (i) shall be made without a requirement for proof or showing of a change in circumstances.

''(C) The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

''(D)(i) The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

''(ii) The State shall provide notice to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to clause (i). The notice may be included in the order.''.

**SEC. 953. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.**

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

''(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

''(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

''(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

''(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

''(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

''(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.''.

**SEC. 954. NONLIABILITY FOR DEPOSITORY INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.**

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a depository institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil

action for damages against such person in a district court of the United States.

(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

(A) the greater of—

(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of—

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) DEFINITIONS.—For purposes of this section:

(1) The term ''depository institution'' means—

(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(v)); and

(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)).

(2) The term ''financial record'' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) The term ''State child support enforcement agency'' means a State agency which administers a State program for establishing and enforcing child support obligations.

**Subtitle G—Enforcement of Support Orders**

**SEC. 961. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.**

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking ''and'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting '', and'';

(3) by adding at the end the following new paragraph:

''(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.''; and

(4) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services''.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

**SEC. 962. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.**

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

**''SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.**

''(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

''(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

''(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

''(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

''(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

''(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

''(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

''(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

''(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

''(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

''(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

''(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

''(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

''(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a 1st-come, 1st-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

''(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

''(f) RELIEF FROM LIABILITY.—

''(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

''(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

''(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

''(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

''(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

''(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

''(h) MONEYS SUBJECT TO PROCESS.—

''(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

''(A) consist of—

''(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

''(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

''(I) under the insurance system established by title II;

''(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

''(III) as compensation for death under any Federal program;

''(IV) under any Federal program established to provide 'black lung' benefits; or

''(V) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by the Secretary to a member of the Armed Forces who is in receipt of retired or retainer pay if the member has waived a portion of the retired pay of the

member in order to receive the compensation); and

''(iii) workers' compensation benefits paid under Federal or State law; but

''(B) do not include any payment—

''(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

''(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

''(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

''(A) are owed by the individual to the United States;

''(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

''(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

''(D) are deducted as health insurance premiums;

''(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

''(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

''(i) DEFINITIONS.—As used in this section:

''(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

''(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means periodic payments of funds for the support and maintenance of a child or children with respect to which the individual has such an obligation, and (subject to and in accordance with State law) includes payments to provide for health care, education, recreation, clothing, or to meet other specific needs of such a child or children, and includes attorney's fees, interest, and court costs, when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

''(3) ALIMONY.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction. Such term does not include any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

''(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

''(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

''(A) which is issued by—

''(i) a court of competent jurisdiction in any State, territory, or possession of the United States;

''(ii) a court of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

''(iii) an authorized official pursuant to an order of such a court of competent jurisdiction or pursuant to State or local law; and

''(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.''.

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking ''sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)'' and inserting ''section 459 of the Social Security Act (42 U.S.C. 659)''.

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking ''and'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(C) by adding after subparagraph (C) the following new subparagraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.''.

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended by inserting ''or a court order for the payment of child support not included in or accompanied by such a decree or settlement,'' before ''which—''.

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting ''(OR FOR BENEFIT OF)'' before ''SPOUSE OR''; and

(B) in paragraph (1), in the 1st sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''.

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

''(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

**SEC. 963. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.**

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term ''child support'' has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 962(c)(4), is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

''(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.''.

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following: ''In the case of a spouse or former spouse who assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.''.

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

''(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

**SEC. 964. VOIDING OF FRAUDULENT TRANSFERS.**

Section 466 (42 U.S.C. 666), as amended by section 921, is amended by adding at the end the following new subsection:

''(g) In order to satisfy section 454(20)(A), each State must have in effect—

''(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

''(B) the Uniform Fraudulent Transfer Act of 1984; or

''(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

''(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

''(A) seek to void such transfer; or

''(B) obtain a settlement in the best interests of the child support creditor.''.

**SEC. 965. WORK REQUIREMENT FOR PERSONS OWING CHILD SUPPORT.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 901(a), 915, 917(a), and 923, is amended by adding at the end the following new paragraph:

''(15) Procedures requiring the State, in any case in which an individual owes support with respect to a child receiving services under this part, to seek a court order or administrative order that requires the individual to—

''(A) pay such support in accordance with a plan approved by the court; or

''(B) if the individual is not working and is not incapacitated, participate in work activities (including, at State option, work activities as defined in section 482) as the court deems appropriate.''.

**SEC. 966. DEFINITION OF SUPPORT ORDER.**

Section 453 (42 U.S.C. 653) as amended by sections 916 and 945(b), is amended by adding at the end the following new subsection:

''(o) As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.''.

**SEC. 967. REPORTING ARREARAGES TO CREDIT BUREAUS.**

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

''(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

''(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

''(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

''(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.''.

**SEC. 968. LIENS.**

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

''(4) Procedures under which—

''(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State; and

''(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order.''.

**SEC. 969. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915, 917(a), 923, and 965, is amended by adding at the end the following new paragraph:

''(16) Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of, driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.''.

**SEC. 970. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.**

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 945, is amended by adding at the end the following new subsection:

''(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 470(b) of the Work Opportunity Act of 1995.

''(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE CSE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 901(b), 904(a), 912(b), 913(a), 933, and 943(a), is amended—

(A) by striking ''and'' at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting ''; and''; and

(C) by adding after paragraph (30) the following new paragraph:

''(31) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(k) (concerning denial of passports), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

''(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

''(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.''.

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State shall, upon certification by the Secretary of Health and Human Services transmitted under section 452(k) of the Social Security Act, refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

**SEC. 971. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.**

The Secretary of State is authorized to negotiate reciprocal agreements with foreign nations on behalf of the States, territories, and possessions of the United States regarding the international enforcement of child support obligations and designating the Department of Health and Human Services as the central authority for such enforcement.

**Subtitle H—Medical Support**

**SEC. 975. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.**

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking ''issued by a court of competent jurisdiction'';

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

''if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1996, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

**SEC. 976. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.**

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 915, 917(a), 923, 965, and 969, is amended by adding at the end the following new paragraph:

''(17) Procedures under which all child support orders enforced under this part shall include a provision for the health care coverage of the child, and in the case in which an absent parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the absent parent's health plan, unless the absent parent contests the notice.''.

**Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents**

**SEC. 981. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.**

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following new section:

**''SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.**

''(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

''(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

''(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

''(2) the allotment of the State under subsection (c) for the fiscal year.

''(c) ALLOTMENTS TO STATES.—

''(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

''(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

''(A) $50,000 for fiscal year 1996 or 1997; or

''(B) $100,000 for any succeeding fiscal year.

''(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

''(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

''(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

''(2) shall not be required to operate such programs on a statewide basis; and

''(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.''.

**Subtitle J—Effect of Enactment**

**SEC. 991. EFFECTIVE DATES.**

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this title.

**TITLE X—REFORM OF PUBLIC HOUSING**

**SEC. 1001. CEILING RENTS.**

Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

''(2) ESTABLISHMENT OF CEILING RENTS.—

''(A) IN GENERAL.—A public housing agency may provide that each family residing in a public housing project shall pay monthly rent in an amount established by such agency in accordance with this paragraph.

''(B) LIMITATIONS ON AMOUNT.—The rental amount established under subparagraph (A)—

''(i) shall reflect the reasonable rental value of the dwelling unit in which the family resides, as compared with similar types and sizes of dwelling units in the market area in which the public housing project is located;

''(ii) shall be greater than or equal to the monthly cost to operate the housing (including any replacement reserves at the discretion of the public housing agency); and

''(iii) shall not exceed the amount payable as rent by such family under paragraph (1).''.

**SEC. 1002. DEFINITION OF ADJUSTED INCOME FOR PUBLIC HOUSING.**

(a) DEFINITION OF ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:

''(5) The term 'adjusted income' means the income that remains after excluding—

''(A) $480 for each member of the family residing in the household (other than the head of the household or spouse)—

''(i) who is under 18 years of age; or

''(ii) who is—

''(I) 18 years of age or older; and

''(II) a person with disabilities or a full-time student;

''(B) $400 for an elderly or disabled family;

''(C) the amount by which the aggregate of—

''(i) medical expenses for an elderly or disabled family; and

''(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

''(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;

''(E) excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel, except that this subparagraph shall apply only to a family assisted by an Indian housing authority; and

''(F) subject to the requirements of subsection (e), for public housing, adjustments to earned income established by the public housing agency, not to exceed 20 percent of the earned income of the family.''.

(b) ADJUSTMENTS TO DEFINITION OF EARNED INCOME.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(1) in the first undesignated paragraph immediately following subsection (c)(3) (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act), by striking ''The earnings of'' and inserting the following:

''(d) EXCLUSION OF CERTAIN EARNINGS.—The earnings of''; and

(2) by adding at the end the following new subsection:

''(e) ADJUSTMENTS TO EARNED INCOME.—If a public housing agency establishes any adjustment to income pursuant to subsection (b)(5)(F), the Secretary—

''(1) shall not take into account any reduction of the per dwelling unit rental income of the public housing agency resulting from that adjustment in calculating the contributions under section 9 for the public housing agency for the operation of the public housing; and

''(2) shall not reduce the level of operating subsidies payable to the public housing agency due to an increase in per dwelling unit

rental income that results from a higher level of income earned by any residents whose adjusted incomes are calculated taking into account that adjustment to income, until the public housing agency has recovered a sum equal to the cumulative difference between—

''(A) the operating subsidies actually received by the agency; and

''(B) the operating subsidies that the public housing agency would have received if paragraph (1) was not applied.''.

(c) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress describing the fiscal and societal impact of the amendment made by subsection (b)(2).

(d) REPEAL OF CERTAIN PROVISIONS.—

(1) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed effective November 28, 1990.

(2) ECONOMIC INDEPENDENCE.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed effective October 28, 1992.

**SEC. 1003. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

**''SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.**

''(a) IN GENERAL.—If the benefits of a family are reduced under a Federal, State, or local law relating to welfare or a public assistance program for the failure of any member of the family to perform an action required under the law or program, the family may not, for the duration of the reduction, receive any increased assistance under this Act as the result of a decrease in the income of the family to the extent that the decrease in income is the result of the benefits reduction.

''(b) EXCEPTION.—Subsection (a) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the Federal, State, or local law relates limits the period during which benefits may be provided under the program.''.

**SEC. 1004. APPLICABILITY TO INDIAN HOUSING.**

(a) IN GENERAL.—In accordance with section 201(b)(2) of the United States Housing Act of 1937, the amendments made by this title shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

(b) DEFINITIONS.—For purposes of this section—

(1) the term ''Indian housing authority'' has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(2) the term ''public housing'' has the same meaning as in section 3(b) of the United States Housing Act of 1937; and

(3) the term ''Secretary'' means the Secretary of Housing and Urban Development.

**SEC. 1005. IMPLEMENTATION.**

The Secretary shall issue such regulations as may be necessary to carry out this title and the amendments made by this title.

**SEC. 1006. EFFECTIVE DATE.**

This title and the amendments made by this title shall take effect on the date of enactment of this Act.

## TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT

**SEC. 1101. SHORT TITLE.**

This title may be cited as the ''Child Abuse Prevention and Treatment Act Amendments of 1995''.

### Subtitle A—General Program

**SEC. 1111. REFERENCE.**

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.).

**SEC. 1112. FINDINGS.**

Section 2 (42 U.S.C. 5101 note) is amended—

(1) in paragraph (1), the read as follows:

''(1) each year, close to 1,000,000 American children are victims of abuse and neglect;'';

(2) in paragraph (3)(C), by inserting ''assessment,'' after ''prevention,'';

(3) in paragraph (4)—

(A) by striking ''tens of''; and

(B) by striking ''direct'' and all that follows through the semicolon and inserting ''tangible expenditures, as well as significant intangible costs;'';

(4) in paragraph (7), by striking ''remedy the causes of'' and inserting ''prevent'';

(5) in paragraph (8), by inserting ''safety,'' after ''fosters the health,'';

(6) in paragraph (10)—

(A) by striking ''ensure that every community in the United States has'' and inserting ''assist States and communities with''; and

(B) by inserting ''and family'' after ''comprehensive child''; and

(7) in paragraph (11)—

(A) by striking ''child protection'' each place that such appears and inserting ''child and family protection''; and

(B) in subparagraph (D), by striking ''sufficient''.

**SEC. 1113. OFFICE OF CHILD ABUSE AND NEGLECT.**

Section 101 (42 U.S.C.5101) is amended to read as follows:

**''SEC. 101. OFFICE OF CHILD ABUSE AND NEGLECT.**

''(a) ESTABLISHMENT.—The Secretary of Health and Human Services may establish an office to be known as the Office on Child Abuse and Neglect.

''(b) PURPOSE.—The purpose of the Office established under subsection (a) shall be to execute and coordinate the functions and activities of this Act. In the event that such functions and activities are performed by another entity or entities within the Department of Health and Human Services, the Secretary shall ensure that such functions and activities are executed with the necessary expertise and in a fully coordinated manner involving regular intradepartmental and interdepartmental consultation with all agencies involved in child abuse and neglect activities.''.

**SEC. 1114. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.**

Section 102 (42 U.S.C.5102) is amended to read as follows:

**''SEC. 102. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.**

''(a) APPOINTMENT.—The Secretary may appoint an advisory board to make recommendations to the Secretary and to the appropriate committees of Congress concerning specific issues relating to child abuse and neglect.

''(b) SOLICITATION OF NOMINATIONS.—The Secretary shall publish a notice in the Federal Register soliciting nominations for the appointment of members of the advisory board under subsection (a).

''(c) COMPOSITION.—In establishing the board under subsection (a), the Secretary shall appoint members from the general public who are individuals knowledgeable in child abuse and neglect prevention, intervention, treatment, or research, and with due consideration to representation of ethnic or racial minorities and diverse geographic areas, and who represent—

''(1) law (including the judiciary);

''(2) psychology (including child development);

''(3) social services (including child protective services);

''(4) medicine (including pediatrics);

''(5) State and local government;

''(6) organizations providing services to disabled persons;

''(7) organizations providing services to adolescents;

''(8) teachers;

''(9) parent self-help organizations;

''(10) parents' groups;

''(11) voluntary groups;

''(12) family rights groups; and

''(13) children's rights advocates.

''(d) VACANCIES.—Any vacancy in the membership of the board shall be filled in the same manner in which the original appointment was made.

''(e) ELECTION OF OFFICERS.—The board shall elect a chairperson and vice-chairperson at its first meeting from among the members of the board.

''(f) DUTIES.—Not later than 1 year after the establishment of the board under subsection (a), the board shall submit to the Secretary and the appropriate committees of Congress a report, or interim report, containing—

''(1) recommendations on coordinating Federal, State, and local child abuse and neglect activities with similar activities at the Federal, State, and local level pertaining to family violence prevention;

''(2) specific modifications needed in Federal and State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

''(3) recommendations for modifications needed to facilitate coordinated national data collection with respect to child protection and child welfare.''.

**SEC. 1115. REPEAL OF INTERAGENCY TASK FORCE.**

Section 103 (42 U.S.C.5103) is repealed.

**SEC. 1116. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.**

Section 104 (42 U.S.C.5104) is amended—

(1) in subsection (a), to read as follows:

''(a) ESTABLISHMENT.—The Secretary shall through the Department, or by one or more contracts of not less than 3 years duration let through a competition, establish a national clearinghouse for information relating to child abuse.'';

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''Director'' and inserting ''Secretary'';

(B) in paragraph (1)—

(i) by inserting ''assessment,'' after ''prevention,''; and

(ii) by striking '', including'' and all that follows through ''105(b)'' and inserting ''and'';

(C) in paragraph (2)—

(i) in subparagraph (A), by striking ''general population'' and inserting ''United States'';

(ii) in subparagraph (B), by adding ''and'' at the end thereof;

(iii) in subparagraph (C), by striking ''; and'' at the end thereof and inserting a period; and

(iv) by striking subparagraph (D); and

(D) by striking paragraph (3); and

(3) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking ''Director'' and inserting ''Secretary'';

(B) in paragraph (2), by striking ''that is represented on the task force'' and inserting ''involved with child abuse and neglect and mechanisms for the sharing of such information among other Federal agencies and clearinghouses'';

(C) in paragraph (3), by striking ''State, regional'' and all that follows and inserting the following: ''Federal, State, regional, and local child welfare data systems which shall include:

''(A) standardized data on false, unfounded, unsubstantiated, and substantiated reports; and

''(B) information on the number of deaths due to child abuse and neglect;'';

(D) by redesignating paragraph (4) as paragraph (6); and

(E) by inserting after paragraph (3), the following new paragraphs:

''(4) through a national data collection and analysis program and in consultation with appropriate State and local agencies and experts in the field, collect, compile, and make available State child abuse and neglect reporting information which, to the extent practical, shall be universal and case specific, and integrated with other case-based foster care and adoption data collected by the Secretary;

''(5) compile, analyze, and publish a summary of the research conducted under section 105(a); and''.

**SEC. 1117. RESEARCH, EVALUATION AND ASSISTANCE ACTIVITIES.**

(a) RESEARCH.—Section 105(a) (42 (42 U.S.C. 5105(a)) is amended—

(1) in the section heading, by striking ''OF THE NATIONAL CENTER ON CHILD ABUSE AND NEGLECT'';

(2) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking '', through the Center, conduct research on'' and inserting '', in consultation with other Federal agencies and recognized experts in the field, carry out a continuing interdisciplinary program of research that is designed to provide information needed to better protect children from abuse or neglect and to improve the well-being of abused or neglected children, with at least a portion of such research being field initiated. Such research program may focus on'';

(B) by redesignating subparagraphs (A) through (C) as subparagraph (B) through (D), respectively;

(C) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

''(A) the nature and scope of child abuse and neglect;'';

(D) in subparagraph (B) (as so redesignated), to read as follows:

''(B) causes, prevention, assessment, identification, treatment, cultural and socio-economic distinctions, and the consequences of child abuse and neglect;'';

(E) in subparagraph (D) (as so redesignated)—

(i) by striking clause (ii); and

(ii) in clause (iii), to read as follows:

''(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

''(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

''(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

''(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

''(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

''(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

''(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care; and

''(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this venue and the child protective services system.''; and

(3) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking ''and demonstrations''; and

(ii) by striking ''paragraph (1)(A) and activities under section 106'' and inserting ''paragraph (1)''; and

(B) in subparagraph (B), by striking ''and demonstration''.

(b) REPEAL.—Subsection (b) of section 105 (42 U.S.C. 5105(b)) is repealed.

(c) TECHNICAL ASSISTANCE.—Section 105(c) (42 U.S.C. 5105(c)) is amended—

(1) by striking ''The Secretary'' and inserting:

''(1) IN GENERAL.—The Secretary'';

(2) by striking '', through the Center,'';

(3) by inserting ''State and local'' before ''public and nonprofit'';

(4) by inserting ''assessment,'' before ''identification''; and

(5) by adding at the end thereof the following new paragraphs:

''(2) EVALUATION.—Such technical assistance may include an evaluation or identification of—

''(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases;

''(B) ways to mitigate psychological trauma to the child victim; and

''(C) effective programs carried out by the States under titles I and II.

''(3) DISSEMINATION.—The Secretary may provide for and disseminate information relating to various training resources available at the State and local level to—

''(A) individuals who are engaged, or who intend to engage, in the prevention, identification, and treatment of child abuse and neglect; and

''(B) appropriate State and local officials to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.''.

(d) GRANTS AND CONTRACTS.—Section 105(d)(2) (42 U.S.C. 5105(d)(2)) is amended by striking the second sentence.

(e) PEER REVIEW.—Section 105(e) (42 U.S.C. 5105(e)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking ''establish a formal'' and inserting '', in consultation with experts in the field and other federal agencies, establish a formal, rigorous, and meritorious'';

(ii) by striking ''and contracts''; and

(iii) by adding at the end thereof the following new sentence: ''The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect.''; and

(B) in subparagraph (B)—

(i) by striking ''Office of Human Development'' and inserting ''Administration on Children and Families''; and

(ii) by adding at the end thereof the following new sentence: ''The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees.''; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking '', contract, or other financial assistance''; and

(B) by adding at the end thereof the following flush sentence:

''The Secretary shall award grants under this section on the basis of competitive review.''.

**SEC. 1118. GRANTS FOR DEMONSTRATION PROGRAMS.**

Section 106 (42 U.S.C. 5106) is amended—

(1) in the section heading, by striking ''OR SERVICE'';

(2) in subsection (a), to read as follows:

''(a) DEMONSTRATION PROGRAMS AND PROJECTS.—The Secretary may make grants to, and enter into contracts with, public agencies or nonprofit private agencies or organizations (or combinations of such agencies or organizations) for time limited, demonstration programs and projects for the following purposes:

''(1) TRAINING PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations under this section—

''(A) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

''(B) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of children, including parents of and persons who work with children with disabilities;

''(C) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally; and

''(D) for the establishment of resource centers for the purpose of providing information and training to professionals working in the field of child abuse and neglect.

''(2) MUTUAL SUPPORT PROGRAMS.—The Secretary may award grants to private non-profit organizations (such as Parents Anonymous) to establish or maintain a national network of mutual support and self-help programs as a means of strengthening families in partnership with their communities.

''(3) OTHER INNOVATIVE PROGRAMS AND PROJECTS.—

''(A) IN GENERAL.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

''(i) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

''(ii) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

''(iii) provides further investigation and intensive intervention where the child's safety is in jeopardy.

''(B) KINSHIP CARE.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child or where such relatives comply with the State child protection standards.

''(C) VISITATION CENTERS.—The Secretary may award grants to public or private nonprofit entities to assist such entities in the establishment or operation of supervised visitation centers where there is documented, highly suspected, or elevated risk of child sexual, physical, or emotional abuse where, due to domestic violence, there is an ongoing risk of harm to a parent or child.'';

(3) in subsection (c), by striking paragraphs (1) and (2); and

(4) by adding at the end thereof the following new subsection:

''(d) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.''.

**SEC. 1119. STATE GRANTS FOR PREVENTION AND TREATMENT PROGRAMS.**

Section 107 (42 U.S.C. 5106a) is amended to read as follows:

**''SEC. 107. GRANTS TO STATES FOR CHILD ABUSE AND NEGLECT PREVENTION AND TREATMENT PROGRAMS.**

''(a) DEVELOPMENT AND OPERATION GRANTS.—The Secretary shall make grants to the States, based on the population of children under the age of 18 in each State that applies for a grant under this section, for purposes of assisting the States in improving the child protective service system of each such State in—

''(1) the intake, assessment, screening, and investigation of reports of abuse and neglect;

''(2)(A) creating and improving the use of multidisciplinary teams and interagency protocols to enhance investigations; and

''(B) improving legal preparation and representation, including—

''(i) procedures for appealing and responding to appeals of substantiated reports of abuse and neglect; and

''(ii) provisions for the appointment of a guardian ad litem.

''(3) case management and delivery of services provided to children and their families;

''(4) enhancing the general child protective system by improving risk and safety assessment tools and protocols, automation systems that support the program and track reports of child abuse and neglect from intake through final disposition and information referral systems;

''(5) developing, strengthening, and facilitating training opportunities and requirements for individuals overseeing and providing services to children and their families through the child protection system;

''(6) developing and facilitating training protocols for individuals mandated to report child abuse or neglect;

''(7) developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors;

''(8) developing, implementing, or operating—

''(A) information and education programs or training programs designed to improve the provision of services to disabled infants with life-threatening conditions for—

''(i) professional and paraprofessional personnel concerned with the welfare of disabled infants with life-threatening conditions, including personnel employed in child protective services programs and health-care facilities; and

''(ii) the parents of such infants; and

''(B) programs to assist in obtaining or coordinating necessary services for families of disabled infants with life-threatening conditions, including—

''(i) existing social and health services;

''(ii) financial assistance; and

''(iii) services necessary to facilitate adoptive placement of any such infants who have been relinquished for adoption; or

''(9) developing and enhancing the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

''(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for a grant under subsection (a), such State shall provide an assurance or certification, signed by the chief executive officer of the State, that the State—

''(1) has in effect and operation a State law or Statewide program relating to child abuse and neglect which ensures—

''(A) provisions or procedures for the reporting of known and suspected instances of child abuse and neglect;

''(B) procedures for the immediate screening, safety assessment, and prompt investigation of such reports;

''(C) procedures for immediate steps to be taken to ensure and protect the safety of the abused or neglected child and of any other child under the same care who may also be in danger of abuse or neglect;

''(D) provisions for immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect;

''(E) methods to preserve the confidentiality of all records in order to protect the rights of the child and of the child's parents or guardians, including methods to ensure that disclosure (and redisclosure) of information concerning child abuse or neglect involving specific individuals is made only to persons or entities that the State determines have a need for such information directly related to the purposes of this Act;

''(F) requirements for the prompt disclosure of all relevant information to any Federal, State, or local governmental entity, or any agent of such entity, with a need for such information in order to carry out its responsibilities under law to protect children from abuse and neglect;

''(G) the cooperation of State law enforcement officials, court of competent jurisdiction, and appropriate State agencies providing human services;

''(H) provisions requiring, and procedures in place that facilitate the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false, except that nothing in this section shall prevent State child protective service agencies from keeping information on unsubstantiated reports in their casework files to assist in future risk and safety assessment; and

''(I) provisions and procedures requiring that in every case involving an abused or neglected child which results in a judicial proceeding, a guardian ad litem shall be appointed to represent the child in such proceedings; and

''(2) has in place procedures for responding to the reporting of medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

''(A) coordination and consultation with individuals designated by and within appropriate health-care facilities;

''(B) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

''(C) authority, under State law, for the State child protective service system to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life threatening conditions.

''(c) ADDITIONAL REQUIREMENT.—Not later than 2 years after the date of enactment of this section, the State shall provide an assurance or certification that the State has in place provisions, procedures, and mechanisms by which individuals who disagree with an official finding of abuse or neglect can appeal such finding.

''(d) STATE PROGRAM PLAN.—To be eligible to receive a grant under this section, a State shall submit every 5 years a plan to the Secretary that specifies the child protective service system area or areas described in subsection (a) that the State intends to address with funds received under the grant. Such plan shall, to the maximum extent practicable, be coordinated with the plan of the State for child welfare services and family preservation and family support services under part B of title IV of the Social Security Act and shall contain an outline of the activities that the State intends to carry out using amounts provided under the grant to achieve the purposes of this Act, including the procedures to be used for—

''(1) receiving and assessing reports of child abuse or neglect;

''(2) investigating such reports;

''(3) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

''(4) providing services or referral for services for families and children where the child is not in danger of harm;

''(5) providing services to individuals, families, or communities, either directly or through referral, aimed at preventing the occurrence of child abuse and neglect;

''(6) providing training to support direct line and supervisory personnel in report-taking, screening, assessment, decision-making, and referral for investigation; and

''(7) providing training for individuals mandated to report suspected cases of child abuse or neglect.

''(e) RESTRICTIONS RELATING TO CHILD WELFARE SERVICES.—Programs or projects relating to child abuse and neglect assisted under part B of title IV of the Social Security Act shall comply with the requirements set forth in paragraphs (1) (A) and (B), and (2) of subsection (b).

''(f) ANNUAL STATE DATA REPORTS.—Each State to which a grant is made under this part shall annually work with the Secretary to provide, to the maximum extent practicable, a report that includes the following:

''(1) The number of children who were reported to the State during the year as abused or neglected.

''(2) Of the number of children described in paragraph (1), the number with respect to whom such reports were—

''(A) substantiated;

''(B) unsubstantiated; and

''(C) determined to be false.

''(3) Of the number of children described in paragraph (2)—

''(A) the number that did not receive services during the year under the State program funded under this part or an equivalent State program;

''(B) the number that received services during the year under the State program funded under this part or an equivalent State program; and

''(C) the number that were removed from their families during the year by disposition of the case.

''(4) The number of families that received preventive services from the State during the year.

''(5) The number of deaths in the State during the year resulting from child abuse or neglect.

''(6) Of the number of children described in paragraph (5), the number of such children who were in foster care.

''(7) The number of child protective service workers responsible for the intake and screening of reports filed in the previous year.

''(8) The agency response time with respect to each such report with respect to initial investigation of reports of child abuse or neglect.

''(9) The response time with respect to the provision of services to families and children where an allegation of abuse or neglect has been made.

''(10) The number of child protective service workers responsible for intake, assessment, and investigation of child abuse and neglect reports relative to the number of reports investigated in the previous year.

''(g) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after receiving the State reports under subsection (f), the Secretary shall prepare a report based on information provided by the States for the fiscal year under such subsection and shall make the report and such information available to the Congress and the national clearinghouse for information relating to child abuse.''.

**SEC. 1120. REPEAL.**

Section 108 (42 U.S.C. 5106b) is repealed.

**SEC. 1121. MISCELLANEOUS REQUIREMENTS.**

Section 110 (42 U.S.C. 5106d) is amended by striking subsections (c) and (d).

**SEC. 1122. DEFINITIONS.**

Section 113 (42 U.S.C. 5106h) is amended—

(1) by striking paragraphs (1) and (2);

(2) by redesignating paragraphs (3) through (10) as paragraphs (1) through (8), respectively; and

(3) in paragraph (2) (as so redesignated), to read as follows:

''(2) the term 'child abuse and neglect' means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death or serious physical, sexual, or emotional harm, or presents an imminent risk of serious harm;''.

**SEC. 1123. AUTHORIZATION OF APPROPRIATIONS.**

Section 114(a) (42 U.S.C. 5106h(a)) is amended to read as follows:

''(a) IN GENERAL.—

''(1) GENERAL AUTHORIZATION.—There are authorized to be appropriated to carry out this title, $100,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.

''(2) DISCRETIONARY ACTIVITIES.—

''(A) IN GENERAL.—Of the amounts appropriated for a fiscal year under paragraph (1), the Secretary shall make available 33⅓ percent of such amounts to fund discretionary activities under this title.

''(B) DEMONSTRATION PROJECTS.—Of the amounts made available for a fiscal year under subparagraph (A), the Secretary make available not more than 40 percent of such amounts to carry out section 106.''.

**SEC. 1124. RULE OF CONSTRUCTION.**

Title I (42 U.S.C. 5101 et seq.) is amended by adding at the end thereof the following new section:

**''SEC. 115. RULE OF CONSTRUCTION.**

''(a) IN GENERAL.—Nothing in this Act shall be construed—

''(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

''(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

''(b) STATE REQUIREMENT.—Notwithstanding subsection (a), a State shall, at a minimum, have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State.''.

**SEC. 1125. TECHNICAL AMENDMENT.**

Section 1404A of the Victims of Crime Act of 1984 (42 U.S.C. 10603a) is amended—

(1) by striking ''1402(d)(2)(D) and (d)(3)'' and inserting ''1402(d)(2)''; and

(2) by striking ''section 4(d)'' and inserting ''section 109''.

## Subtitle B—Community-Based Child Abuse and Neglect Prevention Grants

**SEC. 1131. ESTABLISHMENT OF PROGRAM.**

Title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq) is amended to read as follows:

## ''TITLE II—COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT GRANTS

**''SEC. 201. PURPOSE AND AUTHORITY.**

''(a) PURPOSE.—It is the purpose of this Act to support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and intervention, housing, and other human service organizations within the State.

''(b) AUTHORITY.—The Secretary shall make grants under this title on a formula basis to the entity designated by the State as the lead entity (hereafter referred to in this title as the 'lead entity') for the purpose of—

''(1) developing, operating, expanding and enhancing Statewide networks of community-based, prevention-focused, family resource and support programs that—

''(A) offer sustained assistance to families;

''(B) provide early, comprehensive, and holistic support for all parents;

''(C) promote the development of parental competencies and capacities, especially in young parents and parents with very young children;

''(D) increase family stability;

''(E) improve family access to other formal and informal resources and opportunities for assistance available within communities;

''(F) support the additional needs of families with children with disabilities; and

''(G) decrease the risk of homelessness;

''(2) fostering the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships both public and private;

''(3) financing the start-up, maintenance, expansion, or redesign of specific family resource and support program services (such as respite services, child abuse and neglect prevention activities, disability services, mental health services, housing services, transportation, adult education, home visiting and other similar services) identified by the inventory and description of current services required under section 205(a)(3) as an unmet need, and integrated with the network of community-based family resource and support program to the extent practicable given funding levels and community priorities;

''(4) maximizing funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, startup, training and technical assistance, information management, reporting and evaluation costs for establishing, operating, or expanding a Statewide network of community-based, prevention-focused, family resource and support program; and

''(5) financing public information activities that focus on the healthy and positive development of parents and children and the promotion of child abuse and neglect prevention activities.

**''SEC. 202. ELIGIBILITY.**

''A State shall be eligible for a grant under this title for a fiscal year if—

''(1)(A) the chief executive officer of the State has designated an entity to administer funds under this title for the purposes identified under the authority of this title, including to develop, implement, operate, enhance or expand a Statewide network of community-based, prevention-focused, family resource and support programs, child abuse and neglect prevention activities and access to respite services integrated with the Statewide network;

''(B) in determining which entity to designate under subparagraph (A), the chief executive officer should give priority consideration to the trust fund advisory board of the State or an existing entity that leverages Federal, State, and private funds for a broad range of child abuse and neglect prevention activities and family resource programs, and that is directed by an interdisciplinary, public-private structure, including participants from communities; and

''(C) such lead entity is an existing public, quasi-public, or nonprofit private entity with a demonstrated ability to work with other State and community-based agencies to provide training and technical assistance, and that has the capacity and commitment to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

''(2) the chief executive officer of the State provides assurances that the lead entity will provide or will be responsible for providing—

''(A) a network of community-based family resource and support programs composed of local, collaborative, public-private partnerships directed by interdisciplinary structures with balanced representation from private and public sector members, parents, and public and private nonprofit service providers

and individuals and organizations experienced in working in partnership with families with children with disabilities;

''(B) direction to the network through an interdisciplinary, collaborative, public-private structure with balanced representation from private and public sector members, parents, and public sector and private nonprofit sector service providers; and

''(C) direction and oversight to the network through identified goals and objectives, clear lines of communication and accountability, the provision of leveraged or combined funding from Federal, State and private sources, centralized assessment and planning activities, the provision of training and technical assistance, and reporting and evaluation functions; and

''(3) the chief executive officer of the State provides assurances that the lead entity—

''(A) has a demonstrated commitment to parental participation in the development, operation, and oversight of the Statewide network of community-based, prevention-focused, family resource and support programs;

''(B) has a demonstrated ability to work with State and community-based public and private nonprofit organizations to develop a continuum of preventive, family centered, holistic services for children and families through the Statewide network of community-based, prevention-focused, family resource and support programs;

''(C) has the capacity to provide operational support (both financial and programmatic) and training and technical assistance, to the Statewide network of community-based, prevention-focused, family resource and support programs, through innovative, interagency funding and interdisciplinary service delivery mechanisms; and

''(D) will integrate its efforts with individuals and organizations experienced in working in partnership with families with children with disabilities and with the child abuse and neglect prevention activities of the State, and demonstrate a financial commitment to those activities.

**''SEC. 203. AMOUNT OF GRANT.**

''(a) RESERVATION.—The Secretary shall reserve 1 percent of the amount appropriated under section 210 for a fiscal year to make allotments to Indian tribes and tribal organizations and migrant programs.

''(b) ALLOTMENT.—

''(1) IN GENERAL.—Of the amounts appropriated for a fiscal year under section 210 and remaining after the reservation under subsection (a), the Secretary shall allot to each State lead entity an amount equal to—

''(A) the State minor child amount for such State as determined under paragraph (2); and

''(B) the State matchable amount for such State as determined under paragraph (3).

''(2) STATE MINOR CHILD AMOUNT.—The amount determined under this paragraph for a fiscal year for a State shall be equal to an amount that bears the same relationship to 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year as the number of children under 18 residing in the State bears to the total number of children under 18 residing in all States, except that no State shall receive less than $250,000.

''(3) STATE MATCHABLE AMOUNT.—The amount determined under this paragraph for a fiscal year for a State shall be equal to—

''(A)(i) 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year; divided by

''(ii) 50 percent of the total amount that all States have directed through the respective lead agencies to the purposes identified under the authority of this title for the fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds, as determined by the Secretary; multiplied by

''(B) 50 percent of the total amount that the State has directed through the lead agency to the purposes identified under the authority of this title for such fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds.

''(c) ALLOCATION.—Funds allotted to a State under this section shall be awarded on a formula basis for a 3-year period. Payment under such allotments shall be made by the Secretary annually on the basis described in subsection (a).

**''SEC. 204. EXISTING AND CONTINUATION GRANTS.**

''(a) EXISTING GRANTS.—Notwithstanding the enactment of this title, a State or entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this title, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such programs, subject to the original terms under which such funds were granted, through the end of the applicable grant cycle.

''(b) CONTINUATION GRANTS.—The Secretary may continue grants for Family Resource and Support Program grantees, and those programs otherwise funded under this Act, on a noncompetitive basis, subject to the availability of appropriations, satisfactory performance by the grantee, and receipt of reports required under this Act, until such time as the grantee no longer meets the original purposes of this Act.

**''SEC. 205. APPLICATION.**

''(a) IN GENERAL.—A grant may not be made to a State under this title unless an application therefore is submitted by the State to the Secretary and such application contains the types of information specified by the Secretary as essential to carrying out the provisions of section 202, including—

''(1) a description of the lead entity that will be responsible for the administration of funds provided under this title and the oversight of programs funded through the Statewide network of community-based, prevention-focused, family resource and support programs which meets the requirements of section 202;

''(2) a description of how the network of community-based, prevention-focused, family resource and support programs will operate and how family resource and support services provided by public and private, nonprofit organizations, including those funded by programs consolidated under this Act, will be integrated into a developing continuum of family centered, holistic, preventive services for children and families;

''(3) an assurance that an inventory of current family resource programs, respite, child abuse and neglect prevention activities, and other family resource services operating in the State, and a description of current unmet needs, will be provided;

''(4) a budget for the development, operation and expansion of the State's network of community-based, prevention-focused, family resource and support programs that verifies that the State will expend an amount equal to not less than 20 percent of the amount received under this title (in cash, not in-kind) for activities under this title;

''(5) an assurance that funds received under this title will supplement, not supplant, other State and local public funds designated for the Statewide network of community-based, prevention-focused, family resource and support programs;

''(6) an assurance that the State network of community-based, prevention-focused, family resource and support programs will maintain cultural diversity, and be culturally competent and socially sensitive and responsive to the needs of families with children with disabilities;

''(7) an assurance that the State has the capacity to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of the programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

''(8) a description of the criteria that the entity will use to develop, or select and fund, individual community-based, prevention-focused, family resource and support programs as part of network development, expansion or enhancement;

''(9) a description of outreach activities that the entity and the community-based, prevention-focused, family resource and support programs will undertake to maximize the participation of racial and ethnic minorities, new immigrant populations, children and adults with disabilities, homeless families and those at risk of homelessness, and members of other underserved or underrepresented groups;

''(10) a plan for providing operational support, training and technical assistance to community-based, prevention-focused, family resource and support programs for development, operation, expansion and enhancement activities;

''(11) a description of how the applicant entity's activities and those of the network and its members will be evaluated;

''(12) a description of that actions that the applicant entity will take to advocate changes in State policies, practices, procedures and regulations to improve the delivery of prevention-focused, family resource and support program services to all children and families; and

''(13) an assurance that the applicant entity will provide the Secretary with reports at such time and containing such information as the Secretary may require.

**''SEC. 206. LOCAL PROGRAM REQUIREMENTS.**

''(a) IN GENERAL.—Grants made under this title shall be used to develop, implement, operate, expand and enhance community-based, prevention-focused, family resource and support programs that—

''(1) assess community assets and needs through a planning process that involves parents and local public agencies, local nonprofit organizations, and private sector representatives;

''(2) develop a strategy to provide, over time, a continuum of preventive, holistic, family centered services to children and families, especially to young parents and parents with young children, through public-private partnerships;

''(3) provide—

''(A) core family resource and support services such as—

''(i) parent education, mutual support and self help, and leadership services;

''(ii) early developmental screening of children;

''(iii) outreach services;

''(iv) community and social service referrals; and

''(v) follow-up services;

''(B) other core services, which must be provided or arranged for through contracts

or agreements with other local agencies, including all forms of respite services to the extent practicable; and

''(C) access to optional services, including—

''(i) child care, early childhood development and intervention services;

''(ii) services and supports to meet the additional needs of families with children with disabilities;

''(iii) job readiness services;

''(iv) educational services, such as scholastic tutoring, literacy training, and General Educational Degree services;

''(v) self-sufficiency and life management skills training;

''(vi) community referral services; and

''(vii) peer counseling;

''(4) develop leadership roles for the meaningful involvement of parents in the development, operation, evaluation, and oversight of the programs and services;

''(5) provide leadership in mobilizing local public and private resources to support the provision of needed family resource and support program services; and

''(6) participate with other community-based, prevention-focused, family resource and support program grantees in the development, operation and expansion of the Statewide network.

''(b) PRIORITY.—In awarding local grants under this title, a lead entity shall give priority to community-based programs serving low income communities and those serving young parents or parents with young children, and to community-based family resource and support programs previously funded under the programs consolidated under the Child Abuse Prevention and Treatment Act Amendments of 1995, so long as such programs meet local program requirements.

**''SEC. 207. PERFORMANCE MEASURES.**

''A State receiving a grant under this title, through reports provided to the Secretary, shall—

''(1) demonstrate the effective development, operation and expansion of a Statewide network of community-based, prevention-focused, family resource and support programs that meets the requirements of this title;

''(2) supply an inventory and description of the services provided to families by local programs that meet identified community needs, including core and optional services as described in section 202;

''(3) demonstrate the establishment of new respite and other specific new family resources services, and the expansion of existing services, to address unmet needs identified by the inventory and description of current services required under section 205(a)(3);

''(4) describe the number of families served, including families with children with disabilities, and the involvement of a diverse representation of families in the design, operation, and evaluation of the Statewide network of community-based, prevention-focused, family resource and support programs, and in the design, operation and evaluation of the individual community-based family resource and support programs that are part of the Statewide network funded under this title;

''(5) demonstrate a high level of satisfaction among families who have used the services of the community-based, prevention-focused, family resource and support programs;

''(6) demonstrate the establishment or maintenance of innovative funding mechanisms, at the State or community level, that blend Federal, State, local and private funds, and innovative, interdisciplinary service delivery mechanisms, for the development, operation, expansion and enhancement of the Statewide network of community-based, prevention-focused, family resource and support programs;

''(7) describe the results of a peer review process conducted under the State program; and

''(8) demonstrate an implementation plan to ensure the continued leadership of parents in the on-going planning, implementation, and evaluation of such community based, prevention-focused, family resource and support programs.

**''SEC. 208. NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.**

''The Secretary may allocate such sums as may be necessary from the amount provided under the State allotment to support the activities of the lead entity in the State—

''(1) to create, operate and maintain a peer review process;

''(2) to create, operate and maintain an information clearinghouse;

''(3) to fund a yearly symposium on State system change efforts that result from the operation of the Statewide networks of community-based, prevention-focused, family resource and support programs;

''(4) to create, operate and maintain a computerized communication system between lead entities; and

''(5) to fund State-to-State technical assistance through bi-annual conferences.

**''SEC. 209. DEFINITIONS.**

''For purposes of this title:

''(1) CHILDREN WITH DISABILITIES.—The term 'children with disabilities' has the same meaning given such term in section 602(a)(2) of the Individuals with Disabilities Education Act.

''(2) COMMUNITY REFERRAL SERVICES.—The term 'community referral services' means services provided under contract or through interagency agreements to assist families in obtaining needed information, mutual support and community resources, including respite services, health and mental health services, employability development and job training, and other social services through help lines or other methods.

''(3) CULTURALLY COMPETENT.—The term 'culturally competent' means services, support, or other assistance that is conducted or provided in a manner that—

''(A) is responsive to the beliefs, interpersonal styles, attitudes, languages, and behaviors of those individuals and families receiving services; and

''(B) has the greatest likelihood of ensuring maximum participation of such individuals and families.

''(4) FAMILY RESOURCE AND SUPPORT PROGRAM.—The term 'family resource and support program' means a community-based, prevention-focused entity that—

''(A) provides, through direct service, the core services required under this title, including—

''(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and responding appropriately to the behavior of their children;

''(ii) services to facilitate the ability of parents to serve as resources to one another other (such as through mutual support and parent self-help groups);

''(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

''(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

''(v) community and social services to assist families in obtaining community resources; and

''(vi) follow-up services;

''(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies, including all forms of respite services; and

''(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—

''(i) child care, early childhood development and early intervention services;

''(ii) self-sufficiency and life management skills training;

''(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;

''(iv) job readiness skills;

''(v) child abuse and neglect prevention activities;

''(vi) services that families with children with disabilities or special needs may require;

''(vii) community and social service referral;

''(viii) peer counseling;

''(ix) referral for substance abuse counseling and treatment; and

''(x) help line services.

''(5) NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.—The term 'network for community-based family resource program' means the organization of State designated entities who receive grants under this title, and includes the entire membership of the Children's Trust Fund Alliance and the National Respite Network.

''(6) OUTREACH SERVICES.—The term 'outreach services' means services provided to assist consumers, through voluntary home visits or other methods, in accessing and participating in family resource and support program activities.

''(7) RESPITE SERVICES.—The term 'respite services' means short term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

''(A) are in danger of abuse or neglect;

''(B) have experienced abuse or neglect; or

''(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

**''SEC. 210. AUTHORIZATION OF APPROPRIATIONS.**

''There are authorized to be appropriated to carry out this title, $108,000,000 for each of the fiscal years 1996 through 2000.''.

**SEC. 1132. REPEALS.**

(a) TEMPORARY CHILD CARE FOR CHILDREN WITH DISABILITIES AND CRISIS NURSERIES ACT.—The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.) is repealed.

(b) FAMILY SUPPORT CENTERS.—Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.) is repealed.

## Subtitle C—Family Violence Prevention and Services

**SEC. 1141. REFERENCE.**

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to

be made to a section or other provision of the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.).

**SEC. 1142. STATE DEMONSTRATION GRANTS.**

Section 303(e) (42 U.S.C. 10420(e)) is amended—

(1) by striking ''following local share'' and inserting ''following non-Federal matching local share''; and

(2) by striking ''20 percent'' and all that follows through ''private sources.'' and inserting ''with respect to an entity operating an existing program under this title, not less than 20 percent, and with respect to an entity intending to operate a new program under this title, not less than 35 percent.''.

**SEC. 1143. ALLOTMENTS.**

Section 304(a)(1) (42 U.S.C. 10403(a)(1)) is amended by striking ''$200,000'' and inserting ''$400,000''.

**SEC. 1144. AUTHORIZATION OF APPROPRIATIONS.**

Section 310 (42 U.S.C. 10409) is amended—

(1) in subsection (b), by striking ''80'' and inserting ''70''; and

(2) by adding at the end thereof the following new subsections:

''(d) GRANTS FOR STATE COALITIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, not less than 10 percent of such amounts shall be used by the Secretary for making grants under section 311.

''(e) NON-SUPPLANTING REQUIREMENT.—Federal funds made available to a State under this title shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services and activities that promote the purposes of this title.''.

**Subtitle D—Adoption Opportunities**

**SEC. 1151. REFERENCE.**

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

**SEC. 1152. FINDINGS AND PURPOSE.**

Section 201 (42 U.S.C. 5111) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''50 percent between 1985 and 1990'' and inserting ''61 percent between 1986 and 1994''; and

(ii) by striking ''400,000 children at the end of June, 1990'' and inserting ''452,000 as of June, 1994''; and

(B) in paragraph (5), by striking ''local'' and inserting ''legal''; and

(C) in paragraph (7), to read as follows:

''(7)(A) currently, 40,000 children are free for adoption and awaiting placement;

''(B) such children are typically school aged, in sibling groups, have experienced neglect or abuse, or have a physical, mental, or emotional disability; and

''(C) while the children are of all races, children of color and older children (over the age of 10) are over represented in such group;''; and

(2) in subsection (b)—

(A) by striking ''conditions, by—'' and all that follows through ''providing a mechanism'' and inserting ''conditions, by providing a mechanism''; and

(B) by redesignating subparagraphs (A) through (C), as paragraphs (1) through (3), respectively and by realigning the margins of such paragraphs accordingly.

**SEC. 1153. INFORMATION AND SERVICES.**

Section 203 (42 U.S.C. 5113) is amended—

(1) in subsection (a), by striking the last sentence;

(2) in subsection (b)—

(A) in paragraph (6), to read as follows:

''(6) study the nature, scope, and effects of the placement of children in kinship care arrangements, pre-adoptive, or adoptive homes;'';

(B) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(C) by inserting after paragraph (6), the following new paragraph:

''(7) study the efficacy of States contracting with public or private nonprofit agencies (including community-based and other organizations), or sectarian institutions for the recruitment of potential adoptive and foster families and to provide assistance in the placement of children for adoption;''; and

(3) in subsection (d)—

(A) in paragraph (2)—

(i) by striking ''Each'' and inserting ''(A) Each'';

(ii) by striking ''for each fiscal year'' and inserting ''that describes the manner in which the State will use funds during the 3-fiscal years subsequent to the date of the application to accomplish the purposes of this section. Such application shall be''; and

(iii) by adding at the end thereof the following new subparagraph:

''(B) The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

''(i) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement services, including post-legal adoption services; and

''(ii) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States.''.

**SEC. 1154. AUTHORIZATION OF APPROPRIATIONS.**

Section 205 (42 U.S.C. 5115) is amended—

(1) in subsection (a), by striking ''$10,000,000,'' and all that follows through ''203(c)(1)'' and inserting ''$20,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000 to carry out programs and activities authorized'';

(2) by striking subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

**Subtitle E—Abandoned Infants Assistance Act of 1986**

**SEC. 1161. REAUTHORIZATION.**

Section 104(a)(1) of the Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note) is amended by striking ''$20,000,000'' and all that follows through the end thereof and inserting ''$35,000,000 for each of the fiscal years 1995 and 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000''.

**Subtitle F—Reauthorization of Various Programs**

**SEC. 1171. MISSING CHILDREN'S ASSISTANCE ACT.**

Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking ''To'' and inserting ''(a) IN GENERAL.—''

(2) by striking ''and 1996'' and inserting ''1996, and 1997''; and

(3) by adding at the end thereof the following new subsection:

''(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title.''.

**SEC. 1172. VICTIMS OF CHILD ABUSE ACT OF 1990.**

Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking ''and 1996'' and inserting ''1996, and 1997''; and

(2) in subsection (b)(2), by striking ''and 1996'' and inserting ''1996, through 2000''.

**TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS**

**SEC. 1201. REDUCTIONS.**

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term ''appropriate effective date'', used with respect to a Department referred to in this section, means the date on which all provisions of this Act that the Department is required to carry out, and amendments and repeals made by this Act to provisions of Federal law that the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term ''covered activity'', used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act; or

(B) a provision of Federal law that is amended or repealed by this Act.

(b) REPORTS.—

(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;

(B) the Secretary of Education;

(C) the Secretary of Labor;

(D) the Secretary of Housing and Urban Development; and

(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

(1) the number of full-time equivalent positions required by the Department (or the Federal Partnership established under section 771) headed by such Secretary to carry out the covered activities of the Department (or Federal Partnership), as of the day before the date of enactment of this Act;

(2) the number of such positions required by the Department (or Federal Partnership) to carry out the activities, as of the appropriate effective date for the Department (or Federal Partnership); and

(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

(d) ACTIONS.—Not later than 30 days after the appropriate effective date for the Department involved, each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department by at least the difference referred to in subsection (c)(3).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(i)(2).

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(i)(2).

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 1202.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

**SEC. 1202. DEPARTMENT OF HEALTH AND HUMAN SERVICES.**

(a) IN GENERAL.—The Secretary of Health and Human Services shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code—

(1) to eliminate at least 65 percent of full time equivalent positions that relate to a covered activity; and

(2) to eliminate 100 percent of full time equivalent positions that relate to a covered activity described in subsection (b)(2).

(b) DEFINITION OF COVERED ACTIVITY.—For purposes of this section, the term 'covered activity' means—

(1) an activity authorized to be carried out under part A of the Social Security Act (42 U.S.C. 601 et seq.) as in effect prior to the date of the enactment of this Act; and

(2) an activity authorized to be carried out under part F of such Act (42 U.S.C. 682 et seq.), as in effect prior to such date.

Mr. DOLE. Mr. President, this Tuesday we decided to move to appropriations bills, and I think we did an excellent job on both sides of the aisle in passing three major appropriations bills and reaching an agreement on a DOD authorization bill.

We decided at that time to set aside the Work Opportunity Act of 1995 which was the so-called leadership bill introduced on this side, and Senator DASCHLE laid down a substitute—the Democratic bill.

We now have sort of defined the parameters of welfare reform or work opportunity, whatever the title may be.

Since Tuesday, at staff level and Member-to-Member level, we have been discussing modifications. That is what the modification I sent to the desk reflects. I do not know how many pages—it is rather extensive because we have a number of modifications.

We also had the assistance of two of America's outstanding Governors. Gov. Tommy Thompson of Wisconsin spent a good part of a day with us here on Wednesday, and today Governor Weld of Massachusetts spent a couple of hours with us talking to Members and members of the staff and others about how the Governors viewed the need to change this failed, failed system.

What the Governors asked is that they be given more flexibility. They do not want to come to Washington every time they have a problem and they want to try a new program and have to get a waiver from the Federal Government. They want to do it at the State level, working with the State legislature or through the executive branch in every State.

That is what we have attempted to do in the so-called leadership bill introduced on this side of the aisle which is supported by Senator BAUCUS of Montana, at least one Democrat, and I believe before it is over, a number of other Democrats.

In addition, I ask the following additional Members be added as cosponsors: Senator GRAMS of Minnesota, Senator MCCONNELL of Kentucky, Senator DOMENICI of New Mexico, and Senator KEMPTHORNE of Idaho. There may be other additions, but they have indicated they are cosponsors. There may be other Members who wish to cosponsor.

I have talked to a number of Members who may not cosponsor on this side of the aisle but who have indicated they feel good about the leadership bill and they intend to vote for it.

My view is we are very close to having the votes we need and to have a good, complete overhaul of this system that has obviously failed.

We put the emphasis on ''work''—the Work Opportunity Act of 1995. That is the title of our bill—the Work Opportunity Act. My view is if people have the opportunity to work, if they are meaningful opportunities, they will take advantage of them and get out of the welfare cycle.

Getting back to the modifications made, title I, which was the temporary assistance to needy families block grant, there are a total of 21 changes. Those will be available. We have a summary. We are still in the process of making these minor changes.

It goes from out-of-wedlock goals to religious providers, effective date, child support and paternity establishment, State option to deny benefits—a number of areas in which we have had suggestions by Members on this side.

I do not know how many Members' views are reflected in these changes. I guess as many as 15 or 20.

Title III on food stamps, there is only one change. Title V on noncitizens, there is one change with the 5-year ban on providing most federally means-tested benefits to any noncitizen who enters the country after the enactment date. We also make technical corrections. Then title IX, child support enforcement, only one technical correction.

So there is a total of, I think, 24. Also title XI, CAPTA, which is a program, the Child Abuse Prevention and Treatment Act, supported by Senator COATS of Indiana. There is one change in title XI.

Title XII, reductions in Federal staff. As we repeal the jobs program and send AFDC from the Federal Government to States, it seems there should not be any need for employees in Washington.

We are trying to make those changes. We are trying to ensure that all excess Federal staff processes are identified and eliminated when we start to streamline these programs.

Now we have sent a modification to the desk. There are still some—I do not say disputes—but some difference of opinion on how maybe Federal employees may be needed, even though AFDC goes to the States and you repeal the jobs program. So it may be necessary for further refinement of that area, but for all practical purposes, I think we made a step in the right direction.

I ask unanimous consent to have printed in the RECORD a summary of the modifications.

There being no objection, the summary of modifications is ordered to be printed in the RECORD, as follows:

MODIFICATIONS TO LEADERSHIP WELFARE BILL

TITLE I—TEMPORARY ASSISTANCE TO NEEDY FAMILIES BLOCK GRANT

(1) *Out-of-wedlock goals.* Add to purpose of the bill (section 401, page 10) that annual goals should be set for reducing out-of-wedlock pregnancies, with a special emphasis on teen pregnancies.

(2) *Annual ranking of States based on their work program.* Clarify that the Secretary of HHS will take into account reducing caseloads and a State's success in diverting individuals from ever going on welfare when ranking a State's work programs.

(3) *Annual ranking of States based on out-of-wedlock births.* Add a provision that would rank States according to the increase or decrease of out-of-wedlock births to recipients of assistance.

(4) *Religious providers.* Extends provision to prohibit discrimination against religious providers in specific programs outside of Title I.

(5) *State Plan.* Add a provision that a State plan must be given to the private auditor selected to audit the State's program and a summary of the State plan must be made available to the public.

(6) *Effective date.* Allow States the option of continuing current AFDC program for nine months after the effective date (bill currently give six months). No change in block grant funding for FY 1996.

(7) *Child support and paternity establishment.* States may obtain an admission of paternity from the father through a judicial or administrative proceeding.

(8) *Census Data and grandparents.* Bureau of the Census will begin collecting data on grandparents who are the primary care givers for their grandchildren. A study will be done on the effect of welfare reform on grandparents as primary care givers.

(9) *Child care provider.* Allows a recipient that provides unpaid child care services to count as a work activity for purposes of calculating work participation rates.

(10) *Modify vacancy provisions.* Makes technical changes to the displaced worker provisions.

(11) *State option to deny benefits.* Clarifies that States have the option of denying benefits to recipients as long as it is not inconsistent with Title I.

(12) *Disclosure of the use of Federal funds.* Requires the disclosure of the use of Federal funds whenever an organization accepts Federal funds and makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government.

(13) *Filling vacant positions.* a. Adds statement that nothing in this Act shall preempt or supersede any provision of State or local law that provides greater protections for employees from displacement.

b. Clarifies that no adult recipient may be assigned to a position when the employer has terminated the employment of a regular employee in order to fill the vacancy.

(14) *Participation of local governments.* States must work with local governments and private sector organizations regarding the plan and design of welfare services to be provided in the State.

(15) *Enhanced automation.* Changes the reporting date from ''before May 1, 1995'' to ''on or before May 1, 1995.''

(16) *Assignment of child support.* Provides the States the option of requiring cash recipients/applicants to assign child support.

(17) *Waiver.* Clarifies that States may choose which waivers they want to continue and which waivers they want to end.

(18) *Technicals.* Makes various technical corrections to Titles IV–A and IV–D.

(19) *Foster care eligibility.* A State may receive reimbursement for foster care or adoption assistance only if such individual would have been eligible to receive assistance under the State plan in effect on June 1, 1995.

(20) *Maintenance of effort.* For the first two years, States must spend 75 percent of what the State spent on AFDC cash benefits in FY 1994.

(21) *State option on families with child under age 1.* States have the option of exempting families with a child under age 1 from the work participation rates.

TITLE III—FOOD STAMP REFORM

(1) *Food stamps.* Requires 80% of optional food stamp block grant to be spent on nutrition (up from 75% in the bill) and makes various technical changes to optional state food assistance block grant.

TITLE V—NONCITIZENS

(1) *Noncitizens.* 5 year ban on providing any federally means-tested benefits to any noncitizen who enters the country after the enactment date. Makes technical corrections.

TITLE IX—CHILD SUPPORT ENFORCEMENT

*(1) Child support technicals.* Makes various technical corrections to child support title.

TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT ACT (CAPTA)

(1) *CAPTA.* Includes S. 919 as reported out of Labor Committee. This bill: a. Streamlines CAPTA's State plan and reporting requirements; b. Consolidates 3 programs into one Community and Family Resource and Support Grant; c. Repeals 2 programs; d. Reauthorizes programs; and e. Provides additional flexibility.

TITLE XII—REDUCTIONS IN FEDERAL STAFF

(1) *ELIMINATION OF EXCESS POSITIONS.* Ensures that all excess federal staff positions are identified and eliminated due to streamlining of programs.

---

KASSEBAUM SUBSTITUTE AMENDMENT TO TITLES VII AND VIII OF S. 1120

The Kassebaum substitute to titles VII and VIII of the Work Opportunity Act makes technical changes to S. 143 as reported by the Labor and Human Resources Committee. The changes reflect agreements on issues that were raised, but not addressed, at the committee markup.

The substitute amends the national governance structure of the bill to clarify the roles of the Secretaries of Education and Labor, the National Workforce Development Board, and the Federal Partnership. It reauthorizes the National Literacy Act and brings administration of that act under the direction of the National Board. The substitute also clarifies the role of community colleges in planning and administering workforce education funds, lists permissible state workforce education activities, adds veterans to the list of populations for which states must develop specific benchmarks, adds a 20 percent cap on workforce employment administrative expenses, further defines school-to-work activities, clarifies state governance issues, and adds an additional waiver option during the transition period.

Finally, the substitute adds language clarifying that FUTA funds can only be used for activities currently authorized under the Wagner-Peyser Act.

Mr. DOLE. Let me say with reference to welfare reform, it was my hope to come back on the 5th of September and start on welfare reform.

Now, because we have the DOD authorization consent agreement, we will do that on the 5th. We will start on welfare reform, then, on the following day.

Again, it is my hope that we could have serious debate, good debate—we had 2 days of opening statements that I thought were excellent on both sides, even though there was not total agreement—and that we can complete action on welfare reform within 5 legislative days; that would be Wednesday, Thursday, Friday, and maybe the next Monday or Tuesday, because we need to move very quickly, then, on the additional appropriations bills. We have completed 7. We have 6 remaining. I know all, probably, with the exception of 2 of those, will be very, very difficult. We need to do all that, go to conference, get the conference reports to the President prior to October 1. So we are going to have a very busy time in September.

But it seems to me we are on the right track. I thank the Democratic leader for his cooperation with reference to the DOD agreement and for all the assistance we had in the appropriations process.

I think we just have one or two other little items that are hanging things up here. We will see what happens.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DASCHLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H.R. 4.

MODIFICATIONS TO AMENDMENT NO. 2282

Mr. DASCHLE. Mr. President, I send some modifications to the desk under a previous agreement.

The modification to the amendment (No. 2282) is as follows:

In Title I, on page 3, line 20, strike ''7.5 percent'' and insert ''8 percent''.

In Title I, on page 5, line 24, strike ''solely''.

In Title I, on page 5, line 25, strike ''subparagraph (A)—'' and insert ''subparagraph (A) or due to the imposition of a penalty under subparagraph (B) or (D) of section 403(c)(1)—''.

In Title II, beginning on page 3, line 21, strike all through page 5, line 2, and insert the following:

''(c) NONDISPLACEMENT.—

''(1) IN GENERAL.—No funds provided under this Act shall be used in a manner that would result in—

''(A) the displacement of any currently employed worker (including partial displacement, such as a reduction in wages, hours of nonovertime work, or employment benefits), or the impairment of existing contracts for services or collective bargaining agreements; or

''(B) the employment or assignment of a client to fill a position when—

''(i) any other person is on layoff from the same or a substantially equivalent position; or

''(ii) the employer has terminated the employment of any other employee or otherwise reduced the employer's workforce in order to fill the vacancy so created with a client.

''(2) ENFORCING ANTI-DISPLACEMENT PROTECTIONS.—

''(A) GRIEVANCE PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing and shall be completed not later than 90 days from the date of the complaint, by which time the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision not later than 90 days from such date,

may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days from the date of the appeal as to whether a violation of such prohibitions or requirements has occurred. Remedies shall include termination or suspension of payments, prohibition of the placement of the client, reinstatement of an employee, and other relief to make an aggrieved employee whole.

''(B) OTHER LAWS OR CONTRACTS.—Nothing in subparagraph (A) shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of any of the prohibitions or requirements of paragraph (1).

In Title II, on page 7, line 23, strike ''7.5 percent'' and insert ''8 percent''.

In Title II, beginning on page 11, line 21, strike all through page 12, line 2, and insert the following:

''(c) WORKFARE.—If, after 2 years, a client (who is not exempt from work requirements) who has signed a parent empowerment contract is not working at least 20 hours a week (within the meaning of section 485(a)(2)) or engaged in community service, then the State shall offer that client a workfare position, with minimum hours per week and tasks to be determined by the State.

''(d) COMMUNITY SERVICE.—Not later than 3 years after the date of the enactment of the Work First Act of 1995, each State should (and not later than 7 years after such date, each State shall) require a client who, after receiving assistance for 6 months—

''(1) is not exempt from work requirements; and

''(2) is not either—

''(A) working at least 20 hours a week (within the meaning of section 485(a)(2)); nor

''(B) engaged in an education or training program;

to participate in community service, with minimum hours per week and tasks to be determined by the State.

In Title II, on page 18, strike lines 10 through 23, and insert the following:

''(e) WAGES ARE NOT CONSIDERED EARNED INCOME.—Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

In Title II, on page 19, strike lines 13 through 16, and insert the following:

''(a) IN GENERAL.—A State through the Work First program shall establish and carry out—

''(1) a workfare program in accordance with section 486(c); and

''(2) a community service program in accordance with section 486(d),

that meet the requirements of this section.

In Title II, on page 21, line 9, strike ''(5)'' and insert ''(6)''.

In Title II, on page 21, lines 13 and 14, strike ''paragraph (4)'' and insert ''paragraphs (4) and (5)''.

In Title V, on page 12, line 10, strike ''(f)'' and insert ''(g)''.

In Title VIII, on page 16, line 16, strike ''7 percent'' and insert ''8 percent''.

Mr. DASCHLE. Mr. President, let me make a couple of comments prior to the time I address the modifications. I did not have the opportunity to be on the floor a few minutes ago as the distinguished majority leader made his remarks. I appreciate his comments with regard to the progress we made this week. I think it has been good progress. We had the opportunity to take up and pass some very important appropriations bills. Obviously, there are ways in which we could have improved those bills, but nonetheless we needed to pass them. We did.

We also had an agreement that I think will work well for all as we consider the defense authorization the day we get back. I think, as the agreement indicates, it is our expectation to finish that bill in 1 day.

We had very good cooperation from colleagues on both sides in order to accommodate that schedule. This may be record time for considering a defense authorization. I appreciate very much the willingness, at least on the part of colleagues who had amendments, to consider the need to address all of these issues in a timely way and accommodate the schedule of the Senate as we take up this bill once again when we return. We worked to accommodate that schedule, in part because I know colleagues on the other side wanted very much to be able to finish that.

The leader has been very helpful in accommodating a need that we have, which is to complete work on a number of nominations that are still pending. It is my expectation that before the end of the day, we will be able to deal with the remaining ones. There are a number of them. A lot of people have been waiting a long time and want very much to be able to know the disposition of these nominations prior to the time we leave. Simply to hold them over for another month, I think, would be very unfortunate. And that is why I know we are still working to resolve a couple of matters. But I believe that, given the work on both sides in accommodating the schedule and the pending legislation when we return, that we can finish this work as well.

Mr. President, the modifications that I have just sent to the desk will further strengthen the Work First welfare reform plan. During the last few days, I have had numerous conversations with many Senators, in particular the distinguished Senator from Michigan, Senator LEVIN. He repeatedly has made the case for requiring welfare recipients to work even earlier than the timeframe we had already required in the Work First bill. We believe our bill, like the Republican bill, addressed the need to require workfare at a very early stage in the welfare eligibility process. Senator LEVIN felt it would be helpful if we could find ways to move that date up even further.

As a result of Senator LEVIN's persistence and tenacity, as is so often demonstrated on the floor, we have been able to work with him and many others to address the concern that he has expressed and to take suggestions that he has made. We have modified the requirements to ensure that welfare recipients are working as soon as is humanly possible, to make the system accommodate our goal of moving people into a workforce at the earliest possible moment.

So, under this amendment, welfare recipients will be required to perform community service if they have been receiving welfare for 6 months but are not yet working or in job training or education. It was no more than 2 years. Now it is 6 months. We have given the States some lead time to get ready to meet this tough requirement. But, ultimately, welfare recipients must perform community service tasks after 6 months of welfare receipt. Able-bodied welfare recipients ought to work—period. If they cannot find work in the private sector, States will assist them in getting community service jobs.

So, I believe this is a very significant, even stronger addition to the Work First plan. We called it Work First because we had the toughest work requirements of any pending legislation, and now we have just made them even tougher as a result of our work with Senator LEVIN, in particular, and other Senators as well who have expressed that strong desire to strengthen that aspect of the legislation.

We have also clarified the use of vouchers for children. While we strongly believe that welfare reform ought to be about putting welfare recipients to work, we do not believe that welfare reform ought to punish children. No child should be made homeless, no child should go hungry, under the guise of welfare reform. That is not tough, that is mean.

Therefore we have clarified that if a family is terminated from welfare receipt, States will be required to perform an assessment of the needs of the child in that family. Vouchers in the amount of the child's portion of the grant will be provided to a third party as reimbursement for the needs of the child—such as a vendor payment to a social service organization for clothing or food, a vendor payment to a landlord as a partial rent payment, or other needs the State may identify for the child.

We have strengthened the nondisplacement language and grievance procedure under our plan and made several technical adjustments.

We have also taken a look at our exemptions to the 5-year time limit. We have decided to raise the exemption for high unemployment areas from 7.5 to 8 percent. Now, that does not mean that these individuals do not have to work. They do. In fact, they will have to work after 6 months if they are not working before.

But, this particular exemption means that if a young mother is in a high unemployment area, we will not throw her and her baby into the street where there are no jobs. By definition under our amendment, she will be working. So, she is not getting something for nothing. We just do not believe it is right to throw her into the street. Should unemployment decline in the area in which she lives, there would be no more exemption for her and she would be on her own if she has not found a job.

We think that 8 percent is a fair and reasonable threshold. In fact, it matches the threshold set in the majority leader's bill under the food stamp title.

Under the majority leader's bill, able-bodied single individuals are required to work if they receive food stamps in 6 months of any 12, except that the Secretary may waive the work requirement for those in areas of unemployment exceeding 8 percent.

We agree. There ought not be any disagreement about that particular exemption. You cannot require someone to work if there are no jobs there. If there is 8 percent unemployment, then obviously it is very, very difficult in that competitive environment to accommodate people's job placement needs. And, as the majority leader does, so do we recognize and accept that fact and believe there are likely to be more options just as soon as the unemployment level drops but not until that time.

We have modified our exemption to the time limit to make it apply to those States with 8 percent unemployment. We hope that those on the other side of the aisle will not engage in a bidding war on the unemployment rate and raise it even higher. Welfare reform should not be a bidding war. It ought to be about putting welfare recipients to work.

I would like to make a few comments about modifications to the majority leader's amendment. While I have not yet read the modifications, if it is true that an exemption has been included so that women with children under 1 would not be required to work or, if they are required to work, the state must provide child care assistance, I hope my colleagues will take a close look at that provision.

A requirement to provide child care assistance to families with children under 1 is a real concern for many of us. This does not address the problem welfare mothers face. This is not realistic approach to a real barrier that women have to employment.

Only about 10 percent of welfare recipients have children under 1. But, about 60 percent of welfare families have children under 5. What does that mean? It means that about 50 percent of welfare recipients with preschool children, mostly young toddlers, would receive no day care assistance. What kind of child care fix would that be? No Senator should believe that somehow this addresses the problem. Obviously, it does not.

Child care is truly the linchpin between welfare and work. Under our Work First plan, we guarantee and fund child care assistance to mothers and recognize, if the parent's choice is between leaving children in the living room when they walk out the door and go to work and staying at home to care for their children, they are not going to leave the children at home. They are not going to allow their 2- or 3- or even 6-year-old children unattended for 6, 8, or 10 hours. That cannot work. What happens to those children? Who feeds them? Who cares for them? Who protects them? Who disciplines them? If child care is not going to be provided for, then what real expectation is there that somehow these mothers are going to be forced to go out that door and expect the system to work? It is not going to happen.

Let us not fool anyone, least of all ourselves. If we are going to make this work, let us address the problems. Let us not ignore them. Let us recognize that there are fundamental challenges we have to face.

One challenge, in my view, that is very controversial, but it ought not be, is that it is also awfully difficult to expect anybody to leave that house if they take a minimum wage job, work 40 hours a week, have a family of four and find themselves still below the legal definition of poverty. What kind of incentive is that to go to work?

So if we are going to address real work and real expectations of trying to achieve greater participation in the work force, then it would seem to me only logical that we have to make work pay.

We are at one of the lowest points we have been in terms of the purchasing power of minimum wage earners that we have been since the establishment of the minimum wage. That is something we have to address.

We also recognize that Medicaid is not going to help at all if people are forced to give it up when they go to work. They have to be eligible for some kind of health care, or they are not going to endanger their children's lives or good health by saying, ''Well, I am going to work. I am going to leave my kids in the living room. I am going to give up their health insurance because I want that minimum wage job that leaves me below the poverty line when I work 40 hours a week.'' That is not going to happen. So we have to recognize the importance of health care.

Finally, we have to deal with the issue of child care. I have children. The Presiding Officer certainly has, and he understands parenthood as well or better than anybody in this Chamber. And recognizing the need for child care is something that I hope we can all address when we come back. It is the linchpin, in my view, between welfare and work.

Mr. President, at this point, I ask unanimous consent that the following Senators be added as cosponsors to amendment No. 2282, the Work First welfare reform plan:

Senators BREAUX, MIKULSKI, ROCKEFELLER, MOYNIHAN, REID, KERREY, FORD, CONRAD, DORGAN, DODD, KERRY, LIEBERMAN, BINGAMAN, BRYAN, INOUYE, ROBB, EXON, MURRAY, FEINGOLD, BOXER, GLENN, AKAKA, LEVIN, FEINSTEIN, BUMPERS, LAUTENBERG, PRYOR, JOHNSTON, KENNEDY, and HEFLIN.

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

Mr. DASCHLE. Mr. President, we are looking forward to a good debate when we return in September.

As the majority leader indicated, we had a good debate in the last couple of days. Something the distinguished Senator from Arkansas said earlier in the week is something I guess I will just leave on. He said that good legislators ought to be good educators. I hope that we can educate.

I hope we can lead a meaningful public debate about this issue, and not as partisans, but as people interested in solving a problem, and we can solve this one. I hope that we can have a good debate, recognize our philosophical differences, but deal with them in a way that will bring us to a resolution of a problem that has been with us for a long time.

With that, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

## MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be the period for the transaction of morning business, with Senators permitted to speak for up to 5 minutes each.

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

## DISTRICT OF COLUMBIA CONVENTION CENTER AND SPORTS ARENA AUTHORIZATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar 180, H.R. 2108.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2108) to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for the preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. COHEN. Mr. President, the Senate will move shortly to take up H.R. 2108, the District of Columbia Convention Center and Sports Arena Authorization Act of 1995. This legislation, which passed the House of Representatives last Friday, has two purposes.

The first is to authorize the District of Columbia to pledge revenues generated by the sports arena tax as security to borrow funds. These funds are to be used to pay for preconstruction activities, mostly site acquisition and preparation, for the new arena to be built in the Gallery Place area. Over the next several years, revenue from the new arena tax, which has been imposed on the District's business community, will be used to repay the debt.

The second purpose is to authorize the Washington Convention Center Authority to spend certain revenues for operating the current convention center and for costs associated with developing plans for a new convention center. These revenues are also generated by a special tax, in this instance an additional tax imposed on the District's hotels and restaurants.

Both of these projects are considered critically important to the future economic stability and growth of the District. The financial recovery of the Nation's Capital is important not only to those who live in the District but to all Americans. A new convention center and sports arena will help to revitalize areas of the city, generate badly needed revenue for the District, and create new businesses and jobs for the residents of the District and the surrounding communities. Both will also enhance civic pride and promote tourism. As a result, both projects have broad based support among local citizens and businesses.

As chairman of the Subcommittee on Oversight of Government Management and the District of Columbia, I conducted a hearing earlier this week on this legislation. The responsibility of the subcommittee and, ultimately, the Congress is to examine the financial soundness of the District's plans for spending these special tax revenues. In light of the District's current financial crisis, there is an even greater obligation to ensure the District is proceeding in a fiscally responsible manner before the Congress approves the pending legislation.

One aspect of the proposal that I have been concerned about over the past few days is the leasing arrangement being considered by the District to house some 720 employees that must be relocated from the buildings which are to be demolished on the proposed site. According to press reports, the council was expected to vote on a proposal from the Mayor to lease space for employees in two buildings owned by a local developer. The council, however, learned that the District had never independently confirmed whether the vacant buildings could be renovated by the October construction deadline and consequently the council did not vote on the $48 million lease. The Mayor subsequently negotiated a modified lease which was not submitted to the council before it adjourned its special session on August 10.

Concerns have been raised about the wisdom of the District entering into a long term lease at a time when the District and the D.C. Financial Control Board are looking at making significant cuts in personnel. In addition, some have suggested that the District may have space to relocate the affected employees to existing D.C. owned or leased buildings.

The first year lease costs for one of the buildings are included in the District's preconstruction costs and will be paid for by the arena tax. The remaining costs will be paid from the District's general fund and, therefore, any lease agreement will affect the District's 1996 budget and beyond. Consequently, Senator LEVIN, who is the ranking minority member of the subcommittee, and I believe it would be prudent for the Financial Control Board to review any leasing agreement given that the Board is currently reviewing the District fiscal year 1996 budget.

As a result of discussions with the Mayor and the Control Board, the Mayor has agreed by letter that he will furnish a copy of the lease to, and cooperate with, the Board to enable it to provide a written analysis of the lease.

Mr. President, I ask unanimous consent that a letter to me from Mayor Barry be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE DISTRICT OF COLUMBIA,
*Washington, DC., August 10, 1995.*

Hon. WILLIAM COHEN,
*Chairman, Subcommittee on Oversight of Government Management and the District of Columbia, Hart Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Thank you for the opportunity to meet with you and Senator Carl Levin this afternoon to discuss your interest in the D.C. Sports Arena and H.R. 2108. As I indicated in our meeting, we have been successful in negotiating a lease for relocating our employees at 605 and 613 G Street, that is economically and programmatically advantageous to the District in that it saves the District $25 million in potential rent payments.

As the basis for using your best efforts to obtain Senate approval of H.R. 2108, I agree to the following:

First, to provide by no later than 12:00 p.m. on August 11, 1995, to the U.S. Senate Oversight Subcommittee and the Financial Authority copies of the original and modified leases previously submitted to the D.C. City Council;

Second, to cooperate with the Financial Authority to enable it to provide by August 18, 1995, a written analysis of the lease terms;

Third, to use my best efforts, working with the Chairman of City Council, to obtain from the D.C. Council, its approval or disapproval of the original or modified lease by September 13, but not before the Council receives the written analysis from the Financial Authority; and

Fourth, to obtain a letter of commitment, which is legally binding, from the developer, R. Donahue Peebles, that commits him and the District to the terms of the modified lease, notwithstanding the fact that the original lease will be deemed approved on September 14, absent disapproval by D.C. City Council.

Sincrely,

MARION BARRY, JR.,
*Mayor.*

I have been duly informed and agree with the terms of this letter.

*R. Donahue Peebles.*

Mr. COHEN. In addition, he will also make every effort to have the D.C. Council consider the lease by September 13.

Finally, I want to note that passing this legislation does not resolve any controversies surrounding the process by which the agreement for the new arena has been reached. These are matters for the citizens of the District and their elected representatives to decide and for the appropriate regulatory and judicial forums to resolve. Final action by Congress on this bill should not be construed as interfering with or affecting the administrative or legal rights of any individual or organization pertaining to the District's decisions on the arena or convention center.

Mr. DOLE. Mr. President, I ask unanimous consent that the bill be deemed read the third time and passed; that the motion to reconsider be laid upon the table; and that any statements relating to the bill be placed at the appropriate place in the RECORD.

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

So the bill (H.R. 2108) was deemed read the third time and passed.

## THE SMALL BUSINESS LENDING ENHANCEMENT ACT OF 1995

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 166, S. 895.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 895) to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the Administration, and for other purposes, which had been reported from the Committee on Small Business, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Small Business Lending Enhancement Act of 1995''.

**SEC. 2. REDUCED LEVEL OF PARTICIPATION IN GUARANTEED LOANS.**

Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended to read as follows:

''(2) LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), in an agreement to participate in a loan on a deferred basis under this subsection (including a loan made under the Preferred Lenders Program), such participation by the Administration shall be equal to—

''(i) 75 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds $100,000; or

''(ii) 80 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to $100,000.

''(B) REDUCED PARTICIPATION UPON REQUEST.—

''(i) IN GENERAL.—The guarantee percentage specified by subparagraph (A) for any

loan under this subsection may be reduced upon the request of the participating lender.

''(ii) PROHIBITION.—The Administration shall not use the guarantee percentage requested by a participating lender under clause (i) as a criterion for establishing priorities in approving loan guarantee requests under this subsection.

''(C) INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.—

''(i) IN GENERAL.—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, applicable to other loans guaranteed under this subsection.

''(ii) PREFERRED LENDERS PROGRAM DEFINED.—For purposes of this subparagraph, the term 'Preferred Lenders Program' means any program established by the Administrator, as authorized under the proviso in section 5(b)(7), under which a written agreement between the lender and the Administration delegates to the lender—

''(I) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

''(II) authority to service and liquidate such loans.''.

**SEC. 3. GUARANTEE FEES.**

(a) AMOUNT OF FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended to read as follows:

''(18) GUARANTEE FEES.—

''(A) IN GENERAL.—With respect to each loan guaranteed under this subsection (other than a loan that is repayable in 1 year or less), the Administration shall collect a guarantee fee, which shall be payable by the participating lender and may be charged to the borrower, in an amount equal to the sum of—

''(i) 2.5 percent of the amount of the deferred participation share of the loan that is less than or equal to $250,000;

''(ii) if the deferred participation share of the loan exceeds $250,000, 3 percent of the difference between—

''(I) $500,000 or the total deferred participation share of the loan, whichever is less; and

''(II) $250,000; and

''(iii) if the deferred participation share of the loan exceeds $500,000, 3.5 percent of the difference between—

''(I) $750,000 or the total deferred participation share of the loan, whichever is less; and

''(II) $500,000.

''(B) EXCEPTION FOR CERTAIN LOANS.—Notwithstanding subparagraph (A), if the total deferred participation share of a loan guaranteed under this subsection is less than or equal to $80,000, the guarantee fee collected under subparagraph (A) shall be in an amount equal to 2 percent of the total deferred participation share of the loan.

''(C) DISCRETIONARY INCREASE.—Notwithstanding subparagraphs (A) and (B), during the 90-day period beginning on the first day of any fiscal year, the Administration may increase the guarantee fee collected under this paragraph by an amount not to exceed 0.375 percent of the total deferred participation share of the loan, if the Administration—

''(i) determines that such action is necessary to meet projected borrower demand for loans under this subsection during that fiscal year, based on the subsidy cost of the loan program under this subsection and amounts provided in advance for such program in appropriations Acts; and

''(ii) not less than 15 days prior to imposing any such increase, notifies the Committees on Small Business of the Senate and the House of Representatives of the determination made under clause (i).''.

(b) REPEAL OF PROVISIONS ALLOWING RETENTION OF FEES BY LENDERS.—Section 7(a)(19) of the Small Business Act (15 U.S.C. 636(a)(19)) is amended—

(1) in subparagraph (B)—

(A) by striking ''shall (i) develop'' and inserting ''shall develop''; and

(B) by striking '', and (ii)'' and all that follows through the end of the subparagraph and inserting a period; and

(2) by striking subparagraph (C).

**SEC. 4. ESTABLISHMENT OF ANNUAL FEE.**

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

''(23) ANNUAL FEE.—

''(A) IN GENERAL.—With respect to each loan guaranteed under this subsection, the Administration shall, in accordance with such terms and procedures as the Administration shall establish by regulation, assess and collect an annual fee in an amount equal to 0.5 percent of the outstanding balance of the deferred participation share of the loan.

''(B) PAYER.—The annual fee assessed under subparagraph (A) shall be payable by the participating lender and shall not be charged to the borrower.''.

(b) CONFORMING AMENDMENT.—Section 5(g)(4)(A) of the Small Business Act (15 U.S.C. 634(g)(4)(A)) is amended—

(1) by striking the first sentence and inserting the following: ''The Administration may collect a fee for any loan guarantee sold into the secondary market under subsection (f) in an amount equal to not more than 50 percent of the portion of the sale price that exceeds 110 percent of the outstanding principal amount of the portion of the loan guaranteed by the Administration.''; and

(2) by striking ''fees'' each place such term appears and inserting ''fee''.

**SEC. 5. NOTIFICATION REQUIREMENT.**

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

''(24) NOTIFICATION REQUIREMENT.—The Administration shall notify the Committees on Small Business of the Senate and the House of Representatives not later than 15 days before making any significant policy or administrative change affecting the operation of the loan program under this subsection.''.

**SEC. 6. DEVELOPMENT COMPANY DEBENTURES.**

Section 503(b) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)) is amended—

(1) in paragraph (5), by striking ''and'' at the end;

(2) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(7) with respect to each loan made from the proceeds of such debenture, the Administration—

''(A) assesses and collects a fee, which shall be payable by the borrower, in an amount equal to 0.0625 percent per year of the outstanding balance of the loan; and

''(B) uses the proceeds of such fee to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of making guarantees under subsection (a).''.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BOND. Mr. President, I rise today in support of S. 895, the Small Business Lending Enhancement Act of 1995. This bill will increase the availability of business loans under the Small Business Administration's 7(a) Guaranteed Business Loan Program to meet the growing borrowing demand from the small business community. If S. 895 is enacted, the 7(a) program will be able to expand to provide over $10 billion in small business loans—the largest loan program in SBA's 42 year history.

As many of us know, the popularity of SBA's 7(a) loan program has one unfortunate consequence. Administrator Phil Lader has notified all members of the Committee on Small Business that this popular guaranteed loan program will run out of money by September 1 of this year.

When I introduced S. 895 in early June, I believed the bill provided the tools necessary to put the 7(a) program on an even keel for the remainder of this fiscal year and for fiscal year 1996. I am pleased to report that there was great interest in the bill among the members of the Committee on Small business. As the result of my colleagues' support and the hard work by their staffs, we have created an amended version of S. 895 that builds on the initial bill.

In particular, I want to recognize the support and cooperation I have received from my good friend from Arkansas, the ranking minority member, Senator BUMPERS. He and his staff worked very closely with us in crafting the bill before the Senate today. In addition, I am very pleased that Senators BURNS, SNOWE, and WELLSTONE also have agreed to be cosponsors.

The Small Business Lending Enhancement Act of 1995 will provide a much-needed expansion of the 7(a) loan program. S. 895 will lower the credit subsidy rate for the 7(a) loan program from 2.74 to 1.29 percent, a 54 percent reduction in the subsidy rate. This change has a significant impact on the volume of loans that can be made to small businesses. In fiscal year 1995, $214 million was needed to support a loan program of $7.8 billion. Under S. 895, in fiscal year 1996, only $133 million needs to be appropriated to support $10.5 billion in loans, reduction of 39 percent with a 35-percent increase in loan volume.

To help fund the 7(a) program, S. 895 imposes a modest increase in guarantee fees paid by the borrower, except that the guarantee fee for LowDoc Loans is not increased. In addition, an annual fee of 50 basis points, one-half of 1 percent of the outstanding guaranteed portion of the loan, will be paid by the lender to SBA.

For the first time, the bill gives the Administrator of SBA the discretion to lower the credit subsidy rate still further—to 1.09 percent. He would exercise this discretionary authority if estimated borrowing demand is so high to require an increase in the availability of SBA guaranteed business loans. When the subsidy rate is lowered, the

total loan authorization amount increases without a corresponding increase in appropriations.

Some of my colleagues on the committee are very interested in expanding the Preferred Lenders Program under the 7(a) loan program. I support their goal. S. 895 includes a provision to raise the guaranteed percentage rate for preferred loans from 70 percent to 75 percent. All other loans, except for those under the LowDoc program, also will carry a 75 percent guarantee. This change eliminates the disparity that exists under the current 7(a) program where preferred loans carry only a 70 percent guarantee and all other loans have guarantees ranging from 90 percent to 75 percent. This has deterred preferred lenders from maximizing use of the Preferred Lenders Program, and S. 895 will correct this inequity.

Further reliance on lenders is necessary to reduce future SBA overhead and exposure under the business loan guarantee programs. Later this year, it is my intention that the committee will undertake an indepth study of the 7(a) program. Additional measures may be considered, if necessary, to increase further the percentage of 7(a) loans originated and administered with the type of substantial lender involvement required under the Preferred Lenders Program.

S. 895 also makes a small adjustment in the credit subsidy rate for the 504 Certified Development Program. Earlier this year, the Administration recommended that the credit subsidy rate for the 504 Program be reduced to zero. The Committee on Small Business has some concern that taking the credit rate to zero might threaten the success of this program. Therefore, S. 895 imposes a modest fee increase on borrowers to reduce the credit subsidy rate for the 504 Program to 0.33 percent from 0.57 percent.

Mr. President, S. 895 is before the Senate today because we need to make adjustments in the credit subsidy rate, which has been mandated by the Federal Credit Reform Act of 1990. It is the annual calculation of the credit subsidy rate that determines the level of appropriation required to support the 7(a) guaranteed loan program. Each year, the Office of Management and Budget determines the credit subsidy rate for the upcoming year. OMB makes critical assumptions about the future performance of 7(a) loans and SBA's liquidation recovery effort. Usually, this calculation is made without prior explanation to the Committee, even though it has a dramatic impact on the cost the 7(a) loan program.

The current manner in which the credit subsidy rate is calculated and the subsidy fund is managed needs a much closer review by the Congress. While the Committee on Small Business has accepted the present credit subsidy rate calculation for the purposes of determining borrower and lender fees under S. 895, the committee intends to enter into a careful study of this matter as it considers additional long term reforms for SBA's small business finance programs.

Mr. President, S. 895, the Small Business Lending Enhancement Act of 1995, is a sound bill. In the upcoming fiscal year, it will make commercial loans available to tens of thousands of small businesses, who otherwise might not have access to critical business financing. By a vote of 18 to 0, S. 895 was unanimously supported by the Committee on Small Business. I strongly urge my colleagues to vote for this legislation that is so important to small business owners across the United States.

Mr. BUMPERS. Mr. President, I rise in support of S. 895, Senator BOND's bill to restructure the Small Business Administration section 7(a) loan guaranty program. I want to commend the chairman and his staff for their work on this, the first reported Small Business bill since he became chairman of our committee. I was glad to work with Senator BOND on developing a substitute amendment, which is in fact the committee amendment to S. 895.

The thrust of this bill is simple—it reduces the budget subsidy scoring for the 7(a) loan guaranty program, which is by far the largest SBA economic development program. These loans are made by banks and other lenders to qualifying small businesses that would not be able to obtain access to credit on similar terms in the private market. The long and the short of it is that banks simply do not make long-term loans to small businesses. As the committee report points out, this has been a fact of life at least since the issue was first studied by the Department of Commerce in 1935. That finding was reaffirmed by the Federal Reserve in 1952.

The SBA guaranty—which is only a partial guaranty of the loan—allows banks to extend the term of a loan for more than the 2 or 3 years which is typically offered by bankers. Under the 7(a) program, a borrower can get a loan term for as long as 20 years, though most loans are for a much shorter period. In fact, the average loan term is about 12 years, with borrowers typically repaying the loans in about 7 years.

Although borrowers pay a 2-percent guaranty fee to help offset the cost of the program, appropriated funds are still required to keep the program in business. Under the Credit Reform Act of 1990, the Office of Management and Budget divides the amount of appropriated funds by the credit subsidy scoring for each program. This equation determines the program level for the coming year.

Popularity and public demand for the 7(a) program has grown astronomically over the past few years due to many economic factors. During the Bush administration, the 7(a) program grew from slightly over $3 billion to almost $6 billion. Congress was hard-pressed to meet the increasing demand with concurrent program appropriations. The program during that time had a subsidy cost of slightly over 5 percent, meaning that $1 billion in loan authority required $50 million in appropriated funds. In 1992, demand for the program exhausted funding and two supplemental appropriations measures had to be enacted and signed by President Bush. This trend continued through 1993, and by late spring appropriated funds were exhausted again, closing the program down for several weeks.

Congress has always recognized the economic importance of the 7(a) program, but it became clear that reliance on emergency supplemental funding and traumatic program shutdowns could not continue in the long run.

Shortly after the Clinton administration took office in 1993, the Senate Small Business Committee undertook, with the Administration's full cooperation, to sharply reduce the cost of SBA 7(a) loans to the Treasury while meeting the demands of small business borrowers for affordable credit. In the summer of 1993, legislation from our committee was enacted and signed by President Clinton, reducing the subsidy cost of 7(a) loans from 5.4 percent to 2.2 percent and more than doubling the 7(a) program level with the same amount of appropriated dollars.

The effect of this change was dramatic. In 1993, SBA made about $6 billion in 7(a) loans but required only $342 million in appropriations to fund the program. In the current year, almost $8 billion in loans will be made with about $200 million in appropriations. I am extremely proud of these savings, but they are still not enough to keep the ever-growing 7(a) program on a sound footing in this era of declining Federal spending.

Finally, a comment about S. 895 and the chairman's work on this bill is in order. I did not choose to cosponsor this bill when it was introduced because I was concerned that the increases in fees proposed for 7(a) borrowers were simply too steep and, in my view, would be too high for the program to be workable. Borrowers who are willing to take a loan at any price are not likely to be very good borrowers, and I felt we were moving dangerously close to that point. The same could be said of the administration's ''zero-subsidy'' proposal which was considered and not adopted.

The chairman is to be commended for the flexibility and progressiveness he has demonstrated in preparing the committee amendment which I was pleased to cosponsor at the markup of this bill. The maximum, marginal guaranty fee for borrowers was reduced from the original 5 percent to 3.5 percent, with this number being applied only to borrowers seeking over $500,000 in financing. Moreover, the smallest borrowers—those using the ''low doc'' program for loans under $100,000—will face no increased guaranty fees at all. The present 2 percent guaranty fee will continue to be applied to low doc loans.

Both of these steps represent common sense and fairness, two virtues which I wish were more abundant in this Congress.

I urge Senators to support S. 895 and the committee amendment.

AMENDMENT NO. 2426

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of Senator NUNN.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. NUNN, proposes an amendment numbered 2426.

Mr. DOLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

To amend the Committee substitute; on page 14, add the following new section.

**"SEC. 7 PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.**

Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking ''September 30, 1995'' and inserting ''September 30, 1997.''

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment be agreed to; that the committee amendment, as amended, be agreed to; that the bill then be deemed read the third time and passed; that the motion to reconsider be laid upon the table; and that any statements relating to the bill be placed at the appropriate place in the RECORD.

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

So the bill (S. 895), as amended, was deemed read the third time and passed, as follows:

S. 895

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Small Business Lending Enhancement Act of 1995''.

**SEC. 2. REDUCED LEVEL OF PARTICIPATION IN GUARANTEED LOANS.**

Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended to read as follows:

''(2) LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), in an agreement to participate in a loan on a deferred basis under this subsection (including a loan made under the Preferred Lenders Program), such participation by the Administration shall be equal to—

''(i) 75 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds $100,000; or

''(ii) 80 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to $100,000.

''(B) REDUCED PARTICIPATION UPON REQUEST.—

''(i) IN GENERAL.—The guarantee percentage specified by subparagraph (A) for any loan under this subsection may be reduced upon the request of the participating lender.

''(ii) PROHIBITION.—The Administration shall not use the guarantee percentage requested by a participating lender under clause (i) as a criterion for establishing priorities in approving loan guarantee requests under this subsection.

''(C) INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.—

''(i) IN GENERAL.—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, applicable to other loans guaranteed under this subsection.

''(ii) PREFERRED LENDERS PROGRAM DEFINED.—For purposes of this subparagraph, the term 'Preferred Lenders Program' means any program established by the Administrator, as authorized under the proviso in section 5(b)(7), under which a written agreement between the lender and the Administration delegates to the lender—

''(I) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

''(II) authority to service and liquidate such loans.''.

**SEC. 3. GUARANTEE FEES.**

(a) AMOUNT OF FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended to read as follows:

''(18) GUARANTEE FEES.—

''(A) IN GENERAL.—With respect to each loan guaranteed under this subsection (other than a loan that is repayable in 1 year or less), the Administration shall collect a guarantee fee, which shall be payable by the participating lender and may be charged to the borrower, in an amount equal to the sum of—

''(i) 2.5 percent of the amount of the deferred participation share of the loan that is less than or equal to $250,000;

''(ii) if the deferred participation share of the loan exceeds $250,000, 3 percent of the difference between—

''(I) $500,000 or the total deferred participation share of the loan, whichever is less; and

''(II) $250,000; and

''(iii) if the deferred participation share of the loan exceeds $500,000, 3.5 percent of the difference between—

''(I) $750,000 or the total deferred participation share of the loan, whichever is less; and

''(II) $500,000.

''(B) EXCEPTION FOR CERTAIN LOANS.—Notwithstanding subparagraph (A), if the total deferred participation share of a loan guaranteed under this subsection is less than or equal to $80,000, the guarantee fee collected under subparagraph (A) shall be in an amount equal to 2 percent of the total deferred participation share of the loan.

''(C) DISCRETIONARY INCREASE.—Notwithstanding subparagraphs (A) and (B), during the 90-day period beginning on the first day of any fiscal year, the Administration may increase the guarantee fee collected under this paragraph by an amount not to exceed 0.375 percent of the total deferred participation share of the loan, if the Administration—

''(i) determines that such action is necessary to meet projected borrower demand for loans under this subsection during that fiscal year, based on the subsidy cost of the loan program under this subsection and amounts provided in advance for such program in appropriations Acts; and

''(ii) not less than 15 days prior to imposing any such increase, notifies the Committees on Small Business of the Senate and the House of Representatives of the determination made under clause (i).''.

(b) REPEAL OF PROVISIONS ALLOWING RETENTION OF FEES BY LENDERS.—Section 7(a)(19) of the Small Business Act (15 U.S.C. 636(a)(19)) is amended—

(1) in subparagraph (B)—

(A) by striking ''shall (i) develop'' and inserting ''shall develop''; and

(B) by striking '', and (ii)'' and all that follows through the end of the subparagraph and inserting a period; and

(2) by striking subparagraph (C).

**SEC. 4. ESTABLISHMENT OF ANNUAL FEE.**

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

''(23) ANNUAL FEE.—

''(A) IN GENERAL.—With respect to each loan guaranteed under this subsection, the Administration shall, in accordance with such terms and procedures as the Administration shall establish by regulation, assess and collect an annual fee in an amount equal to 0.5 percent of the outstanding balance of the deferred participation share of the loan.

''(B) PAYER.—The annual fee assessed under subparagraph (A) shall be payable by the participating lender and shall not be charged to the borrower.''.

(b) CONFORMING AMENDMENT.—Section 5(g)(4)(A) of the Small Business Act (15 U.S.C. 634(g)(4)(A)) is amended—

(1) by striking the first sentence and inserting the following: ''The Administration may collect a fee for any loan guarantee sold into the secondary market under subsection (f) in an amount equal to not more than 50 percent of the portion of the sale price that exceeds 110 percent of the outstanding principal amount of the portion of the loan guaranteed by the Administration.''; and

(2) by striking ''fees'' each place such term appears and inserting ''fee''.

**SEC. 5. NOTIFICATION REQUIREMENT.**

(a) IN GENERAL.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

''(24) NOTIFICATION REQUIREMENT.—The Administration shall notify the Committees on Small Business of the Senate and the House of Representatives not later than 15 days before making any significant policy or administrative change affecting the operation of the loan program under this subsection.''.

**SEC. 6. DEVELOPMENT COMPANY DEBENTURES.**

Section 503(b) of the Small Business Investment Act of 1958 (15 U.S.C. 697(b)) is amended—

(1) in paragraph (5), by striking ''and'' at the end;

(2) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(7) with respect to each loan made from the proceeds of such debenture, the Administration—

''(A) assesses and collects a fee, which shall be payable by the borrower, in an amount equal to 0.0625 percent per year of the outstanding balance of the loan; and

''(B) uses the proceeds of such fee to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of making guarantees under subsection (a).''.

**SEC. 7. PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.**

Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking ''September 30, 1995'' and inserting ''September 30, 1997''.

## MIDDLE EAST PEACE FACILITATION ACT

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 2161, the Middle East Peace Facilitation Act, just received from the House; that the bill be read three times, passed; that the motion to reconsider be laid upon the table; and that any statements relating to this measure be placed in the RECORD at the appropriate place as if read.

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

So the bill (H.R. 2161) was deemed read the third time and passed.

## SIXTIETH ANNIVERSARY OF THE SOCIAL SECURITY ACT

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 165, a resolution commemorating the 60th anniversary of the Social Security Act, submitted earlier today by Senators PACKWOOD and MOYNIHAN; that the resolution and preamble be agreed to; that the motions to reconsider be laid upon the table, en bloc; further, that any statements on this measure appear in the RECORD at the appropriate place as though read.

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

So the resolution (S. Res. 165) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 165

Whereas on August 14, 1935, President Franklin D. Roosevelt signed the Social Security Act, which represents one of the most significant legislative achievements of the 20th century;

Whereas the Social Security Act represents a national commitment between the American Government and the people;

Whereas Social Security is one of our Nation's most popular and effective programs with a 60-year track record;

Whereas 141,000,000 persons, along with their employers, pay into the Social Security system;

Whereas Social Security is an earned benefit for workers and their families when a wage earner retires, becomes disabled, or dies;

Whereas over 44,000,000 persons, including 3,000,000 children, receive Social Security benefits that are automatically adjusted for inflation;

Whereas over 95 percent of those age 65 and over are eligible for Social Security benefits, 4 out of 5 workers have worked long enough so that they could get Social Security benefits if they become severely disabled, and 98 percent of today's children would receive a monthly Social Security benefit if a working parent died;

Whereas Social Security benefits provide a financial base for retirement, to be supplemented by private savings and pensions;

Whereas Social Security is the Nation's most successful antipoverty program, saving 15,000,000 people from poverty;

Whereas Social Security is viewed by the public as one of the most important Government programs and as a pillar of economic security;

Whereas Social Security benefits help to maintain the independence and dignity of all who receive such benefits;

Whereas the American public has rejected cutting Social Security to reduce the deficit;

Whereas Social Security is a self-financed program that in 1994 had over $436,000,000,000 in reserves;

Whereas reforms of Social Security benefits historically have been made only to strengthen the program's long-term integrity and solvency; and

Whereas Congress recently enacted legislation establishing the Social Security Administration as an independent agency so as to strengthen its ability to better serve beneficiaries: Now, therefore, be it

*Resolved*, That the Social Security Act is hereby commended on its 60th anniversary.

Mr. PACKWOOD. Mr. President, today, with Senator MOYNIHAN, I am submitting a resolution commending the 60th anniversary of the signing of the 1935 Social Security Act.

President Franklin D. Roosevelt signed the Social Security Act on August 14, 1935. The act, in addition to provisions for general welfare programs, created a social insurance program to pay retired workers, age 65 or older, an income after retirement from the work force.

In signing the Social Security Act, President Roosevelt said:

> We can never insure one hundred percent of the population against one hundred percent of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age . . .

In saluting this 60th anniversary, Senator MOYNIHAN and I emphasize the economic security that this measure of protection has brought to millions of Americans. Our attention will continue to be focused on maintaining the solvency of the Social Security trust funds so that these earned benefits will continue to be provided to working Americans in the future.

Mr. MOYNIHAN. Mr. President, Monday August 14 marks the 60th anniversary of the signing of the Social Security Act by President Franklin Roosevelt in the Cabinet Room of the White House. I am pleased to introduce today, along with Senator PACKWOOD, a resolution honoring this event.

As we celebrate this occasion we marvel at the confidence of President Roosevelt and his advisers who, in the midst of the despair of the Great Depression, could conceive of a Social Security program for the United States. President Roosevelt, a former Governor of New York, appointed a Committee on Economic Security chaired by Francis Perkins also of New York. And as the senior Senator from New York, I take pride in the fact that a third New Yorker—Senator Robert Wagner—introduced the Economic Security Act in 1935 which resulted in the Social Security Act that President Roosevelt signed 5 months later. And from that moment the program evolved along a natural course.

In 1995, as a result of this evolutionary process: 141 million persons will work in employment covered by Social Security; 95 percent of persons aged 65 and over as either receiving retirement benefits or eligible to receive benefits; 98 percent of children under 18 are eligible for survivor benefits if a working parent dies; and 80 percent of men and women aged 21 to 64 are eligible for benefits in the event of prolonged disability.

To continue this success story into the next century requires a Social Security program that is soundly financed, boldly administered, and widely supported.

The best way to maintain a strong Social Security program is by maintaining public support for the program. And here we need to pay attention to what is happening and why.

Polls consistently show that a majority of nonretired adults have little or no confidence in Social Security. And no wonder why. Despite the fact that we pay into the Social Security system every week we never hear from them. Or at least that was the case until now.

As result of legislation that I first introduced in 1988 and that was subsequently included in the Omnibus Budget Reconciliation Act of 1989, the Social Security Administration, this year, began sending out annual benefit statements to future Social Security recipients.

These personal earnings and benefit estimate statement [PEBES] provide estimates of benefits that individuals may be eligible to receive, including retirement, survivors, disability, and dependents benefits.

Sixty years ago President Roosevelt and his advisers—in the midst of a depression—could look forward with confidence as they built a Social Security system.

Today our economy is eight times larger than the 1935 economy—and on a per-capita basis we are four times richer. Clearly we can afford Social Security.

As needed, the system will be modified to reflect changing demographics and labor markets. But those changes must be guided by a simple principle enunciated in the 1983 report of the National Commission on Social Security Reform—the Greenspan Commission on which I proudly served:

> The National Commission believes that changes in the Social Security program should be made only for programmatic reasons, and not for the purposes of balancing the budget.

## NATIONAL CHARACTER COUNTS WEEK

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 150, Senate Resolution 103.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 103) to proclaim the week of October 15 through October 21, 1995,

as National Character Counts Week, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DOLE. Mr. President, I ask unanimous consent that the resolution be agreed to; that the preamble be agreed to; that the motion to reconsider be laid upon the table; and that any statements relating to the resolution appear at the appropriate place in the RECORD.

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

So the resolution (S. Res. 103) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 103

Whereas young people will be the stewards of our communities, the nation, and world in critical times, and the present and future well-being of society requires an involved, caring citizenry with good character;

Whereas concerns about the character training of children have taken on a new sense of urgency as violence by and against youth threatens the physical and psychological well-being of the United States;

Whereas, more than ever, children need strong and constructive guidance from their families, their communities, and institutions such as schools, youth organizations, religious institutions, and civic groups;

Whereas the character of a nation is only as strong as the character of the individual citizens comprising the nation;

Whereas the public good is advanced when young people are taught the importance of good character, and that character counts in personal relationships, in school, and in the workplace;

Whereas scholars and educators agree that people do not automatically develop good character and, therefore, conscientious efforts must be made by youth-influencing institutions and individuals to help young people develop the essential traits and characteristics that comprise good character;

Whereas character development is, first and foremost, an obligation of families, efforts by religious institutions, schools, and youth, civic, and human service organizations also play a very important role in supporting family efforts by fostering and promoting good character;

Whereas the Senate encourages students, teachers, parents, youth, and community leaders to recognize the valuable role youth in the United States play in the present and future of the United States, and to recognize that character plays an important role in the future of the United States;

Whereas, in July 1992, the Aspen Declaration was written by an eminent group of educators, youth leaders, and ethics scholars for the purpose of articulating a coherent framework for character education appropriate to a diverse and pluralistic society;

Whereas the Aspen Declaration states that ''Effective character education is based on core ethical values which form the foundation of democratic society'';

Whereas the core ethical values identified by the Aspen Declaration constitute the 6 core elements of character;

Whereas the 6 core elements of character are trustworthiness, respect, responsibility, justice and fairness, caring, and civic virtue and citizenship;

Whereas the 6 core elements of character transcend cultural, religious, and socioeconomic differences;

Whereas the Aspen Declaration states that ''The character and conduct of our youth reflect the character and conduct of society; therefore, every adult has the responsibility to teach and model the core ethical values and every social institution has the responsibility to promote the development of good character.'';

Whereas the Senate encourages individuals and organizations, especially the individuals and organizations that have an interest in the education and training of our youth, to adopt the 6 core elements of character as intrinsic to the well-being of individuals, communities, and society as a whole; and

Whereas the Senate encourages communities, especially schools and youth organizations, to integrate the 6 core elements of character into programs serving students and children: Now, therefore, be it

*Resolved*, That the Senate proclaims the week of October 15 through October 21, 1995, as National Character Counts Week, and requests the President to issue a proclamation calling upon the people of the United States and interested groups to embrace the 6 core elements of character and to observe the week with appropriate ceremonies and activities.

## AUTHORITY FOR COMMITTEES TO REPORT

Mr. DOLE. Mr. President, I ask unanimous consent that, notwithstanding adjournment of the Senate, on Wednesday, August 30, committees have from 11 a.m. to 2 p.m. to file any legislative or executive reported business.

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

## STAR PRINT—SENATE REPORT 104–133

Mr. DOLE. Mr. President, I ask unanimous consent that Senate report 104–133 be star printed to reflect the changes that I send to the desk.

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

## ORDER FOR RECORD TO REMAIN OPEN UNTIL 5 P.M.

Mr. DOLE. I ask unanimous consent that the RECORD remain open for submission of statements and introduction of legislation until 5 p.m. this evening.

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

## EXECUTIVE SESSION

## EXECUTIVE CALENDAR

Mr. DOLE. Mr. President, I ask unanimous consent as in executive session that the Senate immediately proceed to the following Executive Calendar nominations:

Cal. No. 184. James Hoecker;
Cal. No. 232. Vincent Ryan, Jr.;
Cal. No. 238. Victor Jackovich;
Cal. No. 244. John Hirsch;
Cal. No. 252. Vera Alexander;
Cal. No. 253. John Callahan;
Cal. No. 255. Howard Schloss;
Cal. No. 256. Lynne Waihee;
Cal. No. 257. Mary Furlong;
Cal. No. 268. Andre Davis;
Cal. No. 269. Catherine Blake;
Cal. No. 270. B. Lynn Winmill;
Cal. No. 271. Edward Blair;
Cal. No. 272. John Garamendi;
Cal. No. 273. Charles Curtis;
Cal. No. 274. Jeanne Ferst;
Cal. No. 275. Terence Evans;
Cal. No. 276. Michael Murphy;
Cal. No. 277. Joseph McKinley;
Cal. No. 278. James Moody;
Cal. No. 279. William Sessions;
Cal. No. 280. Ortrie Smith;
Cal. No. 281. Evan Wallach;
Cal. No. 282. Donald Pogue;
Cal. No. 283. Lt. Gen. John Otjen;
Cal. No. 284. Lt. Gen. James Clapper;
Cal. No. 285. Maria Haley;
Cal. No. 286. Herbert Collins;
Cal. No. 287. Roberta Gross;
Cal. No. 288. Jill Long;
Cal. No. 289. Jill Long;
Cal. No. 290. William Courtney;
Cal. No. 291. Stanley Escudero;
Cal. No. 292. Joseph Presel;
Cal. No. 293. Mark Gearan;
Cal. No. 294. Lee Jackson;
Cal. No. 295. David Burke;
Cal. No. 296. Edward kaufman;
Cal. No. 297. Tom Korologos;
Cal. No. 298. Bette Lord;
Cal. No. 299. Alberto Mora;
Cal. No. 300. Cheryl Halpern;
Cal. No. 301. Marc Nathanson;
Cal. No. 302. Carl Spielvogel;
Cal. No. 303. Jerome Stricker;
Cal. No. 304. Sheryl Marshall;
Cal. No. 305. William Leblanc;
Cal. No. 306. Jacob Lew;
Cal. No. 307. Beth Slavet;
Cal. No. 308. Stephen Potts;
Cal. No. 309. Jay Ehle;
Cal. No. 10. Robert Francis;
Cal. No. 311. John Goglia.

I further ask unanimous consent the nominations be confirmed en bloc, the motions to reconsider be laid upon the table en bloc, the President be immediately notified of the Senate's action; that any statements relating to any of the nominations appear at the appropriate place in the RECORD, and the Senate then immediately return to legislative session.

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

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF ENERGY

James John Hoecker, of Virginia, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 2000.

PANAMA CANAL COMMISSION

Vincent Reed Ryan, Jr., of Texas, to be a Member of the Board of Directors of the Panama Canal Commission.

DEPARTMENT OF STATE

Victor Jackovich, of Iowa, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Slovenia.

John L. Hirsch, of New York, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Sierra Leone.

MARINE MAMMAL COMMISSION

Vera Alexander, of Alaska, to be a Member of the Marine Mammal Commission for a term expiring May 13, 1997.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

John Joseph Callahan, of Massachusetts, to be an Assistant Secretary of Health and Human Services.

DEPARTMENT OF THE TREASURY

Howard Monroe Schloss, of Louisiana, to be an Assistant Secretary of the Treasury.

NATIONAL INSTITUTE FOR LITERACY

Lynne C. Waihee, of Hawaii, to be a Member of the National Institute for Literacy Advisory Board for term of three years.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Mary S. Furlong, of California, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1999.

Andre M. Davis, of Maryland, to be United States District Judge for the District of Maryland.

Catherine C. Blake, of Maryland, to be United States District Judge for the District of Maryland.

B. Lynn Winmill, of Idaho, to be United States District Judge for the District of Idaho.

DEPARTMENT OF JUSTICE

Edward Scott Blair, of Tennessee, to be United States Marshal for the Middle District of Tennessee for the term of four years.

DEPARTMENT OF THE INTERIOR

John Raymond Garamendi, of California, to be Deputy Secretary of the Interior.

DEPARTMENT OF ENERGY

Charles B. Curtis, of Maryland, to be Deputy Secretary of Energy.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Jeanne R. Ferst, of Georgia, to be a Member of the National Museum Services Board for a term expiring December 6, 1999.

THE JUDICIARY

Terence T. Evans, of Wisconsin, to be United States Circuit Judge for the Seventh Circuit.

Michael R. Murphy, of Utah, to be United States Circuit Judge for the Tenth Circuit.

Joseph H. McKinley, Jr., of Kentucky, to be United States District Judge for the Western District of Kentucky.

James M. Moody, of Arkansas, to be United States District Judge for the Eastern District of Arkansas.

William K. Sessions, III, of Vermont, to be United States District Judge for the District of Vermont.

Ortrie D. Smith, of Missouri, to be United States District Judge for the Western District of Missouri.

Evan J. Wallach, of Nevada, to be a Judge of the United States Court of International Trade.

Donald C. Pogue, of Connecticut, to be a Judge of the United States Court of International Trade.

IN THE ARMY

The following named officer to be placed on the retired list in the grade indicated under the provisions of Title 10, United States Code, Section 1370:

*To be Lieutenant General*

Lt. Gen. John P. Otjen, 000–00–0000, United States Army

IN THE AIR FORCE

The following named officer for appointment to the grade of lieutenant general on the retired list pursuant to the provisions to Title 10, United States Code, Section 1370:

*To be Lieutenant General*

Lt. Gen. James R. Clapper, Jr., 000–00–0000, United States Air Force

EXPORT-IMPORT BANK OF THE UNITED STATES

Maria Luisa Mabilangan Haley, of Arkansas, to be a Member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 1999.

RESOLUTION TRUST CORPORATION

Herbert F. Collins, of Massachusetts, to be a Member of the Thrift Depositor Protection Oversight Board for a term of three years.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Roberta L. Gross, of the District of Columbia, to be Inspector General, National Aeronautics and Space Administration.

DEPARTMENT OF AGRICULTURE

Jill L. Long, of Indiana, to be Under Secretary of Agriculture for Rural Economic and Community Development.

COMMODITY CREDIT CORPORATION

Jill L. Long, of Indiana, to be a Member of the Board of Directors of the Commodity Credit Corporation.

DEPARTMENT OF STATE

William Harrison Courtney, of West Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Georgia.

Stanley Tuemler Escudero, of Florida, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Uzbekistan.

Joseph A. Presel, of Rhode Island, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, for the rank of Ambassador during his tenure of service as Special Negotiator for Nagorno-Karabakh.

PEACE CORPS

Mark D. Gearan, of Massachusetts, to be Director of the Peace Corps.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Lee F. Jackson, of Massachusetts, to be United States Director of the European Bank for Reconstruction and Development.

UNITED STATES INFORMATION AGENCY

David W. Burke, of New York, to be a Member of the Broadcasting Board of Governors for a term of three years.

Edward E. Kaufman, of Delaware, to be a Member of the Broadcasting Board of Governors for a term of two years.

Tom C. Korologos, of Virginia, to be a Member of the Broadcasting Board of Governors for a term of three years.

Bette Bao Lord, of New York, to be a Member of the Broadcasting Board of Governors for a term of two years.

Alberto J. Mora, of Florida, to be a Member of the Broadcasting Board of Governors for a term of two years.

Cheryl F. Halpern, of New Jersey, to be a Member of the Broadcasting Board of Governors for a term of one year.

Marc B. Nathanson, of California, to be a Member of the Broadcasting Board of Governors for a term of three years.

Carl Spielvogel, of New York, to be a Member of the Broadcasting Board of Governors for a term of one year.

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Jerome A. Stricker, of Kentucky, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 1998,

Sheryl R. Marshall, of Massachusetts, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring October 11, 1998.

POSTAL RATE COMMISSION

William H. LeBlanc III, of Louisiana, to be a Commissioner of the Postal Rate Commission for a term expiring November 22, 2000.

EXECUTIVE OFFICE OF THE PRESIDENT

Jacob Joseph Lew, of New York, to be Deputy Director of the Office of Management and Budget.

MERIT SYSTEMS PROTECTION BOARD

Beth Susan Slavet, of Massachusetts, to be a Member of the Merit Systems Protection Board for the term of seven years expiring March 1, 2002.

OFFICE OF PERSONNEL MANAGEMENT

Stephen D. Potts, of Maryland, to be Director of the Office of Government Ethics for a term of five years.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Jay C. Ehle, of Ohio, to be a Member of the Advisory Board of the Saint Lawrence Seaway Development Corporation.

NATIONAL TRANSPORTATION SAFETY BOARD

Robert Talcott Francis II, of Massachusetts, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1999.

John Goglia, of Massachusetts, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1998.

NOMINATION OF B. LYNN WINMILL

Mr. KEMPTHORNE. Mr. President, it is with pride that I enthusiastically support Hon. Judge Lynn Winmill, an outstanding nominee to be Federal District Court judge in Idaho.

I take seriously the Senate's responsibility to advise and consent on judicial nominations. Federal judges, appointed for life, can wield enormous power which affects the lives of all Americans. Because of that power, Idaho deserves a judge with extensive legal experience and the proven ability to be fair and thoughtful. Idaho deserves a judge who will honor the Old Testament admonition: ''Justice, and only justice, you shall pursue.'' Judge Winmill meets these tests.

He is known in Idaho for his extraordinary hard work, keen intellect, well-written legal opinions and superior judicial temperament that has marked his entire career. When he was city attorney for Chubbuck, ID, Mayor John Cotant said Lynn Winmill immersed himself into every issue 100 percent. In private law practice, he devoted as much as 25 percent of his time to pro bono work. As a college instructor on the interplay of law and culture in society, his faculty evaluation ratings have been among the highest in that department.

His pursuit of excellence continued as a State district court judge. In a recent survey, Idaho attorneys rated Judge Winmill as one of the five best State judges. He is ranked among the State's top four judges for resolving cases within the time standards adopted by the Idaho Supreme Court. His reversal rate on appeal is among the State's lowest.

But a good judge is more than just a good lawyer. Those who know Judge Winmill say he is a family oriented man dedicated to the youth of his community.

His commitment to kids tells me a lot about his character and that he will be a fair, responsible judge. He invites elementary and junior high school classes to this courtroom for field trips, and the presides over mock trials with the students as lawyers, witnesses, and jurors. He then discusses with them the students' responsibilities as citizens.

Judge Winmill's dedication to youth extends to other areas as well. He was a Boy Scout troop leader for 4 years, and every one—I repeat, every one—of his scouts became an Eagle scout. As a coach of youth basketball and soccer teams, he teaches that sports is a metaphor of life, that you win some, and you lose some, but you must always be and play your best. It is no surprise his teams included two State champions.

Coaching from the sidelines bench has prepared him well for the courtroom bench.

For 2½ years, the State of Idaho has been with the need to fill this vacancy, and Senator CRAIG and I pledged that when the President provided us with a candidate who had the credentials that would fill the needs we would move in full expeditious fashion to see the confirmation. We will have in Judge Winmill that individual who comes to us with the highest of accolades throughout the State of Idaho, both from the judicial community and from the legal community, as well as the community of citizens, active with youth programs, who realize that Lynn Winmill is one of those members of the community they are willing to put their faith into in this type of a lifetime appointment.

So I appreciate the efforts of Senator CRAIG, working with us on this project, but also I wish to express to the Senate majority leader, Senator DOLE, my appreciation for his diligence to ensure that we would see the confirmation of Judge Winmill before we go into recess.

I thank the Senator, and I thank the other Members of the Senate, and Idaho thanks you because this is the right man for the job in that judgeship at the right time, and this will be welcome news in the State of Idaho.

THE NOMINATION OF JOHN GARAMENDI

Mrs. BOXER. Mr. President, I am pleased that President Clinton nominated Californian John Garamendi for the position of Deputy Secretary at the Department of Interior. I strongly support Mr. Garamendi's nomination and am confident that the Senate will confirm him with the same bipartisan approval he garnered in the Senate Energy and Natural Resources Committee where his nomination passed, 20–0. Mr. Garamendi will being his unique experiences to the Department of Interior at a time when many of our public land policies are being reformed and challenged.

John Garamendi is a fourth-generation rancher whose family has been involved in cattle ranching and mining since the 1860's. John and his wife Patti own and operate their own ranch in Paloma, CA, and understand the many decisions that ranchers face. He understands the impacts that his decisions as Deputy Secretary of Interior would have on our public lands, resources, and the people who manage them.

John Garamendi began his career in public service in 1972 as a member of the Calveras County Farm Bureau. After 2 years on the bureau, John ran successfully for a seat in the California State Assembly and 2 years later ran for a seat in the California State Senate where he served until 1990. In 1991, Mr. Garamendi became California's first elected insurance commissioner and chose not to run again at the end of his term early this year.

I believe he clearly understands the difficulties facing our Nation today in managing our land and resources. In his statement to the Senate Energy and Natural Resources Committee he identified the two, seemingly contradictory, experiences that the Department of Interior works to bring together; "* * * the necessity of using the land and its resources to provide for my family; on the other hand, President Theodore Roosevelt's challenge to conserve the land and pass it on in better shape then when I found it."

Mr. President, I strongly urge the confirmation of John Garamendi for Deputy Secretary of Interior.

NOMINATION OF WILLIAM K. SESSIONS III

Mr. LEAHY. Mr. President, when I recommended Bill Sessions to the President in March, I described him as a respected lawyer from Middlebury with a wide range of legal experience. He has distinguished himself by his contributions to the community and by his participation in efforts to improve our justice system. I have great confidence that Bill Sessions will be a fair, thoughtful and conscientious addition to the Federal bench in Vermont.

Vermont is blessed with a very talented bench and bar and making a recommendation among them was difficult. In the end, I relied on the standard I have cited for years: I recommended the person that I believe any litigant on any issue can be assured will provide a fair and judicious hearing and a common sense determination of disputes and problems.

Bill's integrity and fairness are impeccable. He will be concerned with applying the laws fairly and with how the Federal courts and Federal laws affect people.

I have known and admired Bill Sessions for a number of years. He is a devoted father and husband. He is involved in the community. His legal work is outstanding. I know of his involvement in the bar in a number of positions, including with the rule of law project of the Vermont Bar Association and the civil justice reform project for the Vermont district court.

Bill graduated from Middlebury College and received his law degree with honors from George Washington University. He served as Addison County public defender as well as the executive director of the Addison County Youth Services Bureau. He has served as an adjunct professor at Vermont Law School, where he received the Phi Delta Phi Academic Excellence Award in 1982. He has been engaged in the private practice of law for the past 17 years, most recently with the firm of Sessions, Keiner, Dumont & Barnes. He has handled a wide variety of matters, in particular complex criminal and related civil matters in both Federal and State court, and has tremendous trial experience. The ABA gave this nominee its highest rating.

I was struck during his confirmation hearings last year when Justice Breyer spoke so eloquently about the Constitution and its guarantees of individual dignity. I believe that Bill Sessions has spent his professional life working to uphold human dignity.

I am convinced that Bill Sessions will always remember the effects that his decisions will have on real people—people who may not be powerful or well-connected. He has demonstrated that he has not only mastered the complexities of the law but its meaning. I feel sure that he will do his utmost to see that the decisions of the U.S. district court in Vermont reflect both the letter and the spirit of law. He will make an outstanding Judge.

I am pleased that the President's nomination of Bill Sessions has drawn praise from a number of quarters, ranging from law enforcement officers including the U.S. Attorney, the U.S. Marshal and States attorneys, to State and Federal judges including Judges Billings, Parker, and Davenport. Indeed, the Judiciary Committee received a number of letters in support of this nomination. I would, in particular, like to mention the letters from Doug Richards, the chair of the Vermont Judicial Nominating Advisory Commission; Susanne Young, a Vermont assistant attorney general; Peter Hall, a former first assistant and acting U.S. attorney; and Charles Caruso, a former acting U.S. attorney.

I have every confidence that Bill Sessions will make an outstanding Federal judge, who will be just, practical and hardworking on behalf of the people of Vermont. I have every confidence that once confirmed he will successfully resist the pressures to become cloistered away from the world. I think that his strong involvement with his vibrant family and his community will help protect him. I doubt that Abi, Hannah, Myra and Jonathan are going to allow him to lose touch.

Vermont is the only State in the Union to have only one full-time Federal judge currently. Since Judge

Parker was confirmed to the U.S. Court of Appeals for the Second Circuit last year and Judge Billings assumed senior status, Vermont has been without its complement of two U.S. District Court judges. Vermont deserves to have its Federal judges considered, confirmed and in place ready to rule on important matters.

I thank the President for nominating Bill Sessions and thank my colleagues for expediting his confirmation. I commend them all for recognizing the merit of this extraordinary nominee.

NOMINATION OF JILL L. LONG

Mr. LUGAR. Mr. President, I strongly support the nomination of Jill Long to be the Under Secretary of Agriculture for Rural Economic and Community Development. As chairman of the Committee on Agriculture, Nutrition, and Forestry, I successfully urged my colleagues on that committee to support my fellow Hoosier for this key position. The committee approved her nomination by a unanimous voice vote on August 9.

Many Senators have worked with Jill as a respected and valued colleague on the House Agriculture Committee. She served on that committee with distinction from the time of her election to Congress in 1989.

Jill Long was raised on a grain and dairy farm in Whitley County, Indiana. Her active involvement in helping to manage the farm continued through the difficult period of the 1980s.

At the same time, she began her public service in 1983 on the Valparaiso City Council. She has a distinguished teaching career at Valparaiso University, Indiana University-Purdue University at Fort Wayne, and Indiana University in Bloomington.

The nominee has had a long interest in rural development issues. During her chairmanship of the Congressional Rural Caucus, that group's membership more than doubled. She has a reputation for approaching issues thoughtfully and with common sense.

Although we are of different parties, we have often worked together in a bipartisan way on issues that affected our State. Last year, we joined in promoting legislation to roll back unnecessary and intrusive federal environmental regulations that, in effect, treated soybean oil as the equivalent of toxic petroleum oil.

The agencies and programs Ms. Long will oversee are important to rural America's future. We must consolidate an array of existing programs into a more coherent economic development effort. The Agriculture Committee voted to do precisely that when it approved a rural development title for the 1995 farm bill last month.

The nominee will need both creativity and perseverance to manage effectively her substantial portfolio at USDA. She will need to set priorities and identify opportunities. She must decisively correct problems and insist on efficient management. She will need to provide focus to a part of USDA that is very important—but suffers from a lack of clear direction.

I believe Jill Long is well qualified for the position to which she has been nominated. She acquitted herself ably during her confirmation hearing, and I urge Senators to vote in favor of her nomination.

## LEGISLATIVE SESSION

Mr. DOLE. Mr. President, are we back to legislative session?

The PRESIDING OFFICER. The Senate is back in legislative session.

## ORDERS FOR TUESDAY, SEPTEMBER 5, 1995

Mr. DOLE. I ask unanimous consent that the Senate reconvene on Tuesday, September 5, at 10 a.m., and that following the prayer the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have been expired, the time for the two leaders be reserved for their use later in the day, and the Senate immediately resume consideration of S. 1026, the DOD authorization bill, under the previous consent agreement.

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

## PROGRAM

Mr. DOLE. Mr. President, for the information of all Senators, at 10 a.m. on Tuesday, the Senate will resume consideration of S. 1026, the DOD authorization bill, with 24 amendments in order. Senators who have amendments are expected to be present to offer and dispose of their amendments. Under a previous consent, a rollcall vote will occur on passage of the DOD appropriations bill on Tuesday, September 5, 1995, which will be the first rollcall vote of the day.

Senators should also be on notice the Senate will remain in session on Tuesday until the DOD authorization bill will be completed. Therefore, a late session can be anticipated.

Also, following the DOD authorization bill, on Wednesday, the Senate will resume consideration of the so-called welfare bill, the Work Opportunity Act of 1995. Therefore, late sessions and votes can be expected throughout the first week after the August recess. I think I can add throughout the month of September.

## BLOCKING OF WTO

Mr. DOLE. Mr. President, while we are waiting, I would just say I regret the Senator from West Virginia, Senator BYRD, without any notification to me, has chosen to block the WTO legislation, on which I have worked with the administration, which I was promised by the administration if I would support GATT. It was part of the agreement in an effort to gain my support. I kept my word and did, for the President of the United States and, more importantly, for the country.

I was advised, after being told today by the chairman of the Finance Committee that the WTO legislation had been cleared, late this afternoon the Senator from West Virginia, Senator BYRD, as he has a right to do, would not permit it to go forward. At that point, the leader had either the choice to block all the nominees or to do what I have just done. It is unfair to the families to have another 3 or 4 weeks' wait because of an unexpected hold put on legislation, which had been cleared by the committee of jurisdiction, cleared by the minority leader, cleared by the administration, and blocked by someone who I have tried to accommodate at every turn in this Chamber, the Senator from West Virginia, Senator BYRD. That certainly is not right.

I must say, this legislation was very important to me and will remain very important to me. I am disappointed that he chose not to even contact me before taking this action. Now the Senator from North Carolina is here so we can do some treaties.

## EXECUTIVE SESSION

### INCOME TAX CONVENTION WITH SWEDEN

### INCOME TAX CONVENTION WITH UKRAINE

### EXCHANGE OF NOTES DATED AT WASHINGTON MAY 26 AND JUNE 6, 1995, RELATING TO THE INCOME TAX CONVENTION AND PROTOCOL WITH UKRAINE

### ADDITIONAL PROTOCOL MODIFYING THE INCOME TAX CONVENTION WITH MEXICO

### INCOME TAX CONVENTION WITH THE FRENCH REPUBLIC

### INCOME TAX CONVENTION AND PROTOCOL WITH PORTUGAL

### REVISED PROTOCOL AMENDING THE TAX CONVENTION WITH CANADA

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider Executive Calendar Nos. 4 through 10.

I further ask unanimous consent that the treaties be considered as having passed through their various parliamentary stages up to and including the presentation of the resolutions of ratification; that all committee provisos, reservations, understandings, et cetera, be considered agreed to.

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

The clerk will state the resolutions of ratification.

The legislative clerk read as follows:

INCOME TAX CONVENTION WITH SWEDEN

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of the Convention between the Government of the United States of America and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Stockholm on September 1, 1994, together with a related exchange of notes (Treaty Doc. 103–29).

INCOME TAX CONVENTION WITH UKRAINE

EXCHANGE OF NOTES DATED AT WASHINGTON, DC, MAY 26 AND JUNE 6, 1995 RELATING TO THE INCOME TAX CONVENTION AND PROTOCOL WITH UKRAINE

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of the Convention between the Government of the United States of America and the Government of Ukraine for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, Together With a Related Protocol, signed at Washington on March 4, 1994 (Treaty Doc. 104–11).

ADDITIONAL PROTOCOL MODIFYING THE INCOME TAX CONVENTION WITH MEXICO

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of the Additional Protocol that Modifies the Convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed at Washington on September 18, 1992. The Additional Protocol was signed at Mexico City on September 8, 1994 (Treaty Doc. 103–31).

INCOME TAX CONVENTION WITH THE FRENCH REPUBLIC

*Resolved (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of the Convention between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, signed at Paris on August 31, 1994, together with two related exchanges of notes (Treaty Doc. 103–32). The Senate's advise and consent is subject to the following declaration, which shall not be included in the instrument of ratification to be signed by the President:

That it is the Sense of the Senate that the tax relief available under paragraph 5(b) of Article 30 of the proposed Convention, which exempts certain interest payments to French subsidiaries from United States tax to the extent that United States tax is imposed on such payments under subpart F of Part III of subchapter N of chapter 1 of subtitle A of the Internal Revenue Code (''subpart F''), should be automatically available to any French subsidiary that is a controlled foreign corporation under Section 957 of the Internal Revenue Code to the extent that such payments are taxed under subpart F. The Treasury Department and the Internal Revenue Service shall negotiate with their Dutch counterparts an application of Paragraph 8 of the Article 12 of the U.S.-Netherlands Tax Treaty consistent with the French Treaty as described above and grant a long-term exemption from United States tax for interest paid to Dutch subsidiaries to the extent such interest is taxed under subpart F.

INCOME TAX CONVENTION AND PROTOCOL WITH PORTUGAL

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of the Convention between the Government of the United States of America and the Portuguese Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, together with a related Protocol, signed at Washington on September 6, 1994 (Treaty Doc. 103–34). The Senate's advice and consent is subject to the following two understandings, both of which shall be included in the instrument of ratification to be signed by the President and the following two declarations, neither of which shall be included in the instrument of ratification to be signed by the President:

(a) Understanding: That if the Portuguese Republic changes its internal policy with respect to government ownership of commercial banks in a manner that has the effect of exempting from U.S. tax the U.S.-source interest paid to Portuguese commercial banks under paragraph 3(b) of Article 11, the Government of Portugal shall so notify the Government of the United States and the two Governments shall enter into consultations with a view to restoring the balance of benefits under the proposed Convention;

(b) Understanding: That the second sentence of paragraph 2 of article 2 of the proposed Convention shall be understood to include the specific agreement that the Portuguese Republic regularly shall inform the Government of the United States of America as to the progress of all negotiations with and actions taken by the European Union or any representative organization thereof, which may affect the application of paragraph 3(b) of article 10 of the proposed Convention;

(c) Declaration: That the United States Department of the Treasury shall inform the Senate Committee on Foreign Relations as to the progress of all negotiations with and actions taken by the European Union or any representative organization thereof, which may affect the application of paragraph 3(b) of article 10 of the proposed Convention; and

(d) Declaration: That it is the Sense of the Senate that (1) the effect of the Portuguese Substitute Gift and Inheritance Tax is to provide for nonreciprocal rates of tax between the two parties; (2) such nonreciprocal treatment is a significant concession by the United States that should not be viewed as a precedent for future U.S. tax treaties, and, could in fact be a barrier to Senate advice and consent to ratification of future treaties; (3) the Portuguese Government should take appropriate steps to insure that interest and dividend income beneficially owned by residents of the United States is not subject to higher effective rates of taxation by Portugal than the corresponding effective rates of taxation imposed by the United States on such income beneficially owned by residents of Portugal; and (4) the United States should communicate this Sense of the Senate to the Portuguese Republic.

REVISED PROTOCOL AMENDING THE TAX CONVENTION WITH CANADA

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of a Revised Protocol Amending the Convention between the United States and Canada with Respect to Taxes on Income and on Capital signed at Washington on September 26, 1980, as Amended by the Protocols signed on June 14, 1983 and March 28, 1984. The Revised Protocol was signed at Washington on March 17, 1995 (Treaty Doc. 104–4). The Senate's advice and consent is subject to the following declaration, which shall not be included in the instrument of ratification to be signed by the President:

That the United States Department of the Treasury shall inform the Senate Committee on Foreign Relations as to the progress of all negotiations with and actions taken by Canada that may affect the application of paragraph 3(d) of article XII of the Convention, as amended by article 7 of the proposed Protocol.

Mr. DOLE. Mr. President, I ask unanimous consent that any statements be inserted in the CONGRESSIONAL RECORD as if read; that the Senate take one vote on the resolutions of ratification to be considered as separate votes; further, that when the resolutions of ratification are voted upon, the motions to reconsider be laid upon the table; that the President be notified of the Senate's action, and that following disposition of the treaties, the Senate return to legislative session.

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

Mr. DOLE. Mr. President, I ask for consideration of the resolutions before the Senate by a division vote.

The PRESIDING OFFICER. A division vote is requested.

Senators in favor of the resolutions of ratification please stand and be counted. [After a pause.] All those opposed please stand and be counted.

On a division, two-thirds of the Senators present and voting having voted in the affirmative, the resolutions of ratification are agreed to.

## ORDER FOR ADJOURNMENT

Mr. DOLE. Mr. President, I ask unanimous consent that following the statement by the Senator from West Virginia, the Senate stand in adjournment under the provisions of House Concurrent Resolution 92.

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

Mr. BYRD. I thank the leader.

## WORLD TRADE ORGANIZATION

Mr. BYRD. Mr. President, before the leader leaves the floor, if I may have the attention of the distinguished leader. I just came to the floor because I heard the distinguished leader mention my name in connection with the bill to establish a commission to review the dispute settlement of the reports of the World Trade Organization, and for other purposes.

May I say to the leader that this is a matter about which I know very little. I am not on the committee that has jurisdiction over this legislation. I was asked this afternoon about this. I was asked if I would give consent. I understood that the leader wanted to get unanimous consent to adopt this bill this afternoon. I think it is too much of a bill to pass by unanimous consent on the last day before we go out. Mr. Kantor called me and I said, ''Is there

an urgent time factor here or something that is about to expire? Is there a reason why this has to be done today, after everybody is gone?'' I was against the GATT. I voted against it. I have a feeling that the leader feels about like I do on some of these trade bills. It was said that the leader would consider this a personal favor. I said I would like to do a personal favor for the leader. I would like that. There have been some things I have wanted from time to time that he has agreed to. But for this kind of a bill to be passed by unanimous consent on the last day, setting up a commission of this kind, I do not think we ought to do that. I think it is something we ought to study and debate, or at least have people back here who know more about it than I do. It was for that reason that I objected.

I certainly do not want to do anything that gets in the way of the leader or hurts his feelings. But I just cannot see the urgency of passing a bill of this size on the last day before we go out for 3 weeks. Why can we not do it when we come back? It still has to go to the House; it has to go to conference. I tried to study this hurriedly. I am not on the Finance Committee, as I say. I may very well support this; I may not. But it sets up a commission composed of five members, all of whom shall be judges, Federal judiciary judges. That is just one thing that caught my eye. Why should we appoint a commission of this kind made up of the membership of judges of the Federal circuit courts? Why should business not be represented? Why should labor not be represented?

Perhaps there are some good answers. But I do not know them. I am sorry if the leader has taken umbrage to my objection, but I do not feel that something of this importance should be whipped through on the last day before a 3-week recess by unanimous consent. I hope the leader will not feel any ill will toward me. If he wants to hold up a nomination, that is his right. I am not doing this for any political reason. I do not oppose this for any political reason. I think my President supported it. The White House wants me to remove my objection. Mickey Kantor wants me to remove it.

I am not objecting, may I say to my good friend, for any partisan reason. I am not doing it for any reason to incur his ill will. I am sorry. But he mentioned my name on the floor, and I felt that I should come and explain this for the RECORD so that all Senators will know why I have objected, when they get back.

I have no objection to taking it up when all Members of the Finance Committee on both sides are here. And when we get back, if they want to agree to it by unanimous consent, I might also. I would like for somebody to explain to me why we have to have five members of the circuit courts of this country on this commission. It seems to me they are too busy. This would appear to be something like a full-time job. Why are they so specially competent? Surely someone should answer those questions.

As I say, there may be good answers to the questions. Once I hear them—Mr. Kantor tried to give me some answers. I was not convinced. Perhaps I can be convinced.

Mr. DOLE. Mr. President, will the Senator yield?

I need to go, but I will say this has been around about 8 months. It should not come as any great surprise. It is not major legislation. Many pieces of major legislation start by consent.

It is drafted by—almost by the administration. It has been in the Finance Committee. We have had hearings on it. We did not bring it to the floor without hearings. It is a promise made to me. Maybe they do not—maybe promises do not mean anything by the President of the United States and by the trade representative.

They did not guarantee it would get through the Congress. It may not get through the House. I did not know anybody had an objection. It has been around here for 8 months and everybody knew at the time—at least most everybody last November—when I appeared with the President in the Rose Garden and said I would support GATT if they would make these changes.

We thought they were necessary so we would not have a faceless, nameless bureaucrat in Geneva deciding what the future might be for American jobs. So we pursued it.

Certainly the Senator has a right to object, and we will be back here in September, but I must say when the chairman of the Finance Committee, the committee of jurisdiction, tells me today, well, we have taken care of that for you, I assumed it was done. Any Member has a right to object. I could object to all the nominees, but I did not pursue that course.

The Senator is within his rights. I hope that he will look at it carefully and maybe decide it is not so bad after all.

Mr. BYRD. As I say, I may be easily convinced of that, but I am also convinced that I have a higher responsibility than just approving something that the administration says is okay on a Friday afternoon before we go out.

It may have been around 8 months. I did not see this bill until this afternoon. I did not vote for GATT. I am naturally suspicious of legislation dealing with that subject to which I was opposed when it passed the Senate. I am sorry that the majority leader feels the way he does. There is no personal or political or partisan reason for my objection.

I just—there is no big hurry about this. I heard the leader say that the House might have some objections, and if the House may have some objections, perhaps there is something wrong and we ought to take a look at it.

I am doing what I think is right, and I am sorry that the majority leader appears to feel hurt about it. It is not my desire that he feel hurt. I am doing what my conscience directs me to do under the circumstances. I will live with that.

I yield the floor.

## ADJOURNMENT UNTIL 10 A.M. TUESDAY, SEPTEMBER 5, 1995

The PRESIDING OFFICER. Under the previous order and the provisions of House Concurrent Resolution 92, the Senate stands in adjournment until 10 a.m., Tuesday, September 5, 1995.

Thereupon, the Senate at 5:14 p.m. adjourned until Tuesday, September 5, 1995, at 10 a.m.

## NOMINATIONS

Executive nominations received by the Senate August 11, 1995:

### U.S. INSTITUTE OF PEACE

SEYMOUR MARTIN LIPSET, OF VIRGINIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE U.S. INSTITUTE OF PEACE FOR A TERM EXPIRING JANUARY 19, 1999, VICE ELSPETH DAVIES ROSTOW, TERM EXPIRED.

## CONFIRMATIONS

Executive nominations confirmed by the Senate August 11, 1995:

### DEPARTMENT OF ENERGY

JAMES JOHN HOECKER, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION FOR THE TERM EXPIRING JUNE 20, 2000.

CHARLES B. CURTIS, OF MARYLAND, TO BE DEPUTY SECRETARY OF ENERGY.

### PANAMA CANAL COMMISSION

VINCENT REED RYAN, JR., OF TEXAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE PANAMA CANAL COMMISSION.

### DEPARTMENT OF STATE

VICTOR JACKOVICH, OF IOWA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF SLOVENIA.

JOHN L. HIRSCH, OF NEW YORK, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF SIERRA LEONE.

WILLIAM HARRISON COURTNEY, OF WEST VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF GEORGIA.

STANLEY TUEMLER ESCUDERO, OF FLORIDA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF UZBEKISTAN.

JOSEPH A. PRESEL, OF RHODE ISLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER—COUNSELOR, FOR THE RANK OF AMBASSADOR DURING HIS TENURE OF SERVICE AS SPECIAL NEGOTIATOR FOR NAGORNO-KARABAKH.

### MARINE MAMMAL COMMISSION

VERA ALEXANDER, OF ALASKA, TO BE A MEMBER OF THE MARINE MAMMAL COMMISSION FOR A TERM EXPIRING MAY 13, 1997.

### DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOHN JOSEPH CALLAHAN, OF MASSACHUSETTS, TO BE AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES.

### DEPARTMENT OF THE TREASURY

LAWRENCE H. SUMMERS, OF MASSACHUSETTS, TO BE DEPUTY SECRETARY OF THE TREASURY.

HOWARD MONROE SCHLOSS, OF LOUISIANA, TO BE AN ASSISTANT SECRETARY OF THE TREASURY.

### NATIONAL INSTITUTE FOR LITERACY

LYNNE C. WAIHEE, OF HAWAII, TO BE A MEMBER OF THE NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD FOR A TERM OF 3 YEARS.

### NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

MARY S. FURLONG, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 1999.

DEPARTMENT OF THE INTERIOR

JOHN RAYMOND GARAMENDI, OF CALIFORNIA, TO BE DEPUTY SECRETARY OF THE INTERIOR.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

JEANNE R. FERST, OF GEORGIA, TO BE A MEMBER OF THE NATIONAL MUSEUM SERVICES BOARD FOR A TERM EXPIRING DECEMBER 6, 1999.

EXPORT-IMPORT BANK OF THE UNITED STATES

MARIA LUISA MABILANGAN HALEY, OF ARKANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR A TERM EXPIRING JANUARY 20, 1999.

RESOLUTION TRUST CORPORATION

HERBERT F. COLLINS, OF MASSACHUSETTS, TO BE A MEMBER OF THE THRIFT DEPOSITOR PROTECTION OVERSIGHT BOARD FOR A TERM OF 3 YEARS.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

ROBERTA L. GROSS, OF THE DISTRICT OF COLUMBIA, TO BE INSPECTOR GENERAL, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION.

DEPARTMENT OF AGRICULTURE

JILL L. LONG, OF INDIANA, TO BE UNDER SECRETARY OF AGRICULTURE FOR RURAL ECONOMIC AND COMMUNITY DEVELOPMENT.

COMMODITY CREDIT CORPORATION

JILL L. LONG, OF INDIANA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION.

PEACE CORPS

MARK D. GEARAN, OF MASSACHUSETTS, TO BE DIRECTOR OF THE PEACE CORPS.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

LEE F. JACKSON, OF MASSACHUSETTS, TO BE U.S. DIRECTOR OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT.

U.S. INFORMATION AGENCY

DAVID W. BURKE, OF NEW YORK, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 3 YEARS.

EDWARD E. KAUFMAN, OF DELAWARE, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 2 YEARS.

TOM C. KOROLOGOS, OF VIRGINIA, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 3 YEARS.

BETTE BAO LORD, OF NEW YORK, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 2 YEARS.

ALBERTO J. MORA, OF FLORIDA, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 2 YEARS.

CHERYL F. HELPERN, OF NEW JERSEY, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 1 YEAR.

MARC B. NATHANSON, OF CALIFORNIA, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 3 YEARS.

CARL SPIELVOGEL, OF NEW YORK, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 1 YEAR.

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

JEROME A. STRICKER, OF KENTUCKY, TO BE A MEMBER OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD FOR A TERM EXPIRING SEPTEMBER 25, 1998.

SHERYL R. MARSHALL, OF MASSACHUSETTS, TO BE A MEMBER OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD FOR A TERM EXPIRING OCTOBER 11, 1998.

POSTAL RATE COMMISSION

WILLIAM H. LE BLANC III, OF LOUISIANA, TO BE A COMMISSIONER OF THE POSTAL RATE COMMISSION FOR A TERM EXPIRING NOVEMBER 22, 2000.

EXECUTIVE OFFICE OF THE PRESIDENT

JACOB JOSEPH LEW, OF NEW YORK, TO BE DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.

MERIT SYSTEMS PROTECTION BOARD.

BETH SUSAN SLAVET, OF MASSACHUSETTS, TO BE A MEMBER OF THE MERIT SYSTEMS PROTECTION BOARD FOR THE TERM OF 7 YEARS EXPIRING MARCH 1, 2002.

OFFICE OF PERSONNEL MANAGEMENT

STEPHEN D. POTTS, OF MARYLAND, TO BE DIRECTOR OF THE OFFICE OF GOVERNMENT ETHICS FOR A TERM OF 5 YEARS.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

JAY C. EHLE, OF OHIO, TO BE A MEMBER OF THE ADVISORY BOARD OF THE SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION.

NATIONAL TRANSPORTATION SAFETY BOARD

ROBERT TALCOTT FRANCIS II, OF MASSACHUSETTS, TO BE A MEMBER OF THE NATIONAL TRANSPORTATION SAFETY BOARD FOR THE TERM EXPIRING DECEMBER 31, 1999.

JOHN GOGLIA, OF MASSACHUSETTS, TO BE A MEMBER OF THE NATIONAL TRANSPORTATION SAFETY BOARD FOR THE TERM EXPIRING DECEMBER 31, 1998.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

THE JUDICIARY

ANDRE M. DAVIS, OF MARYLAND, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF MARYLAND.

CATHERINE C. BLAKE, OF MARYLAND, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF MARYLAND.

B. LYNN WINMILL, OF IDAHO, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF IDAHO.

TERENCE T. EVANS, OF WISCONSIN, TO BE U.S. CIRCUIT JUDGE FOR THE SEVENTH CIRCUIT.

MICHAEL R. MURPHY, OF UTAH, TO BE U.S. CIRCUIT JUDGE FOR THE TENTH CIRCUIT.

JOSEPH H. MCKINLEY, JR., OF KENTUCKY, TO BE U.S. DISTRICT JUDGE FOR THE WESTERN DISTRICT OF KENTUCKY.

JAMES M. MOODY, OF ARKANSAS, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF ARKANSAS.

WILLIAM K. SESSIONS III, OF VERMONT, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF VERMONT.

ORTRIE D. SMITH, OF MISSOURI, TO BE U.S. DISTRICT JUDGE FOR THE WESTERN DISTRICT OF MISSOURI.

EVAN J. WALLACH, OF NEVADA, TO BE A JUDGE OF THE U.S. COURT OF INTERNATIONAL TRADE.

DONALD C. POGUE, OF CONNECTICUT, TO BE A JUDGE OF THE U.S. COURT OF INTERNATIONAL TRADE.

DEPARTMENT OF JUSTICE

EDWARD SCOTT BLAIR, OF TENNESSEE, TO BE U.S. MARSHAL FOR THE MIDDLE DISTRICT OF TENNESSEE FOR THE TERM OF 4 YEARS.

IN THE ARMY

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

*To be lieutenant general*

LT. GEN. JOHN P. OTJEN, 000–00–0000

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL ON THE RETIRED LIST PURSUANT TO THE PROVISIONS TO TITLE 10, UNITED STATES CODE, SECTION 1370:

*To be lieutenant general*

LT. GEN. JAMES R. CLAPPER, JR., 000–00–0000

# EXTENSIONS OF REMARKS

## COMMUNICATIONS ACT OF 1995

SPEECH OF

**HON. W.J. (BILLY) TAUZIN**

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

*Friday, August 4, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1555) to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies:

Mr. TAUZIN. Mr. Chairman, as a strong supporter of and coauthor of several provisions in the manager's amendment offered by the chairman of the Commerce Committee, Mr. BLILEY, I would like to describe intent with respect to some of its provisions.

As the author of a similar amendment on resale in full committee, I would like to clarify the meaning of the resale provision in section 242(a)(3), as amended by the manager's amendment. As drafted, local exchange carriers, including the Bell companies, must offer services, elements, features, functions, and capabilities for resale at wholesale rates. Subsection (b) then permits the carrier to prohibit a reseller from offering a service, element, feature, function, or capability obtained at a wholesale rate to a different category of subscribers to which the wholesale rate applies. This provision is intended to permit carriers to continue, at the wholesale level, their tradition of classifying their retail customer services—for example, residential services versus business services and even of subclassifying within such service categories, for example, general residential and lifeline services. By referring only to the resale of services offered at wholesale rates, this provision would not prevent a local exchange carrier from including in its retail residential services tariffs that prohibit a reseller from reselling the retail residential rate to business customers. Many local exchange carriers have such conditions in their tariffs, and many State commissions use such conditions as a way of preserving universal residential services. The commissions require the local companies to offer subsidized residential services to promote universal service. However, the subsidized services are not offered to business customers, who generally are expected to cover the costs of their own services and to defray the shortfall from the subsidized residential customers. If resellers were allowed to resell these subsidized residential retail services for business purposes, the burden on others of universal service would increase. Indeed, the whole system of universal service would be jeopardized.

Furthermore, section 242(b)(4)(C) requires that the rates at which the services, elements, features, functions, and capabilities are offered at wholesale pursuant to section 242(a)(3) are to cover the costs of items, including any cost incurred by the local exchange carrier in unbundling those items.

Second, in section 245(a)(2)(A), as amended by the manager's amendment, the word ''predominately'' describes the extent that local telephone services are offered by a competing provider over its own telephone exchange service facilities. Included here is a short statement of intent with regard to this provision and specifically how the word ''predominately'' should be construed for legislative history.

Third, under section 242(d)(2), the intent of the subparagraph, as amended by the manager's amendment, is to exempt from the joint marketing prohibition all carriers which have in the aggregate less than 2 percent of the presubscribed access lines installed nationwide; that is, competitive access providers such as Teleport and MFS, among others. The word presubscribed is important to identify those carriers exempted from the joint marketing provisions of the bill.

Fourth, in section 245(d)(4) of the bill, I would like to clarify the meaning of the ''Standard for Decision'' provision. The subsection provides that the Commission cannot approve a Bell company's application for interLATA or manufacturing relief unless it determines that the company has satisfied certain conditions and that the company's interconnection agreements comply with the act. The Commission is simply required to determine whether the conditions for relief set forth in the law have been met by the particular Bell company. If they have been met, then the Commission must grant the applications. It is not free to require the Bell company to meet other requirements or to withhold approval to achieve some other public policy goal that the Commission might consider important. In effect, we are telling the Commission that if it concludes that the Bell company has complied with the detailed requirements that we set forth in the law, then it must grant the application. It may not apply any public interest test or requirement on its own.

Fifth, I want to clarify our position with respect to telephone company entry into video markets. First and foremost, we are interested in competition—increasing consumer choice in programming, providers, services, and rates. I am confident that telephone companies will enter video markets with consumer choice uppermost in their minds. H.R. 1555 encourages video competition and telephone company entry in a number of ways:

First, it gives all telephone companies the choice between entering video markets as title II common carriers or as title VI cable operators. We do not intend to impose title II regulation and title VI regulation on telephone companies that enter video markets.

Second, whether telephone companies choose the title II option or the title VI option, the bill allows them to provide voice and video services over integrated facilities.

Third, if a telephone company chooses to enter the video market as a title II common carrier, and its affiliate provides programming on the telephone company's VDT platform, the bill clarifies that neither the telephone company nor its affiliate will be required to apply for a title VI franchise. Again, this is because we do not intend to impose title II and title VI regulation on telephone companies.

Finally, Mr. Chairman, I am submitting an article from the July 2 Washington Post describing my concerns about the lack of competition in long distance rates, something I outlined during floor debate on H.R. 1555.

''PREDOMINATELY''

Section 245, as added by the bill, provides the method by which a Bell company may request authority from the FCC to offer interLATA service on a State-by-State basis. Section 245(a)(2)(A) sets forth an additional requirement to verify that the local exchange is open to competition. There must be at least one competing provider that offers telephone exchange service to business and residence subscribers, either exclusively over its own telephone exchange service facilities or predominantly over its own telephone exchange service facilities in combination with the resale of the services of other carriers.

The phrase ''predominantly over its own telephone exchange service facilities'' is intended to ensure that the competing provider is doing more than repackaging and reselling the services of the Bell company. The Commission will establish guidelines for determining whether the ''predominantly'' requirement of section 245(a)(2)(A) has been satisfied. It is my understanding that in setting forth these guidelines the Commission will consider only the local loop and switching facilities used by the competing provider to provide telephone exchange service. It is also my understanding that the competing provider will be deemed to be providing service ''predominantly'' over its facilities if more than 50% of the local loop and switching facilities used by the competing provider to provide telephone exchange service is owned by the competing provider, or owned by entities not affiliated with the Bell company that is applying for interLATA authority. For example, if the competing provider uses a combination of facilities, 25% of such facilities being owned by the competing provider, 26% of such facilities being resold facilities owned by entities not affiliated with the local Bell company, and 49% of such facilities being resold facilities of the local Bell company, then the ''predominantly'' requirement of section 245(a)(2)(A) would be satisfied. If the competing provider uses a combination of facilities, 50% or more of such facilities being resold facilities of the local Bell company and the remainder being owned by the competing provider or obtained from entities not affiliated with the local Bell company, the ''predominantly'' requirement is not satisfied.

[From the Washington Post, July 2, 1995]

LONG-DISTANCE CARRIERS IN A QUANDARY

ON DISCOUNT PLANS, THERE'S NO ANSWER FROM MANY CUSTOMERS

(By Mike Mills)

Night and day, AT&T Corp., MCI Communications Corp. and Spring Corp. pummel each other with often vicious advertising campaigns touting their own discount calling plans as better than the rest. From the

look of it, long-distance rates are heading nowhere but down.

But more than 60 percent of the nation's 97 million households don't subscribe to a long-distance discount plan, according to industry estimates—and their rates have been going up.

The non-discounted ''basic'' rates that they pay have risen nearly 20 percent since 1991, in part to help finance the discount plans that they're ignoring.

This fact is central to a debate over a broad telecommunications bill now before Congress. The country's seven Bell telephone companies, barred from the long-distance business by court order, argue that five times since 1991 the Big Three long-distance carriers have raised ''in lock step'' the basic rates that most Americans pay. The long-distance industry isn't really competitive, they say, and would benefit from the immediate entry of the Bell companies.

Long-distance companies counter by saying that's the wrong way to look at it: Most of the country's long-distance calls are made by people on discount plans, they say. Those who aren't on the plans hardly call long distance at all.

The Senate last month passed a bill giving the Bells rights to gradually enter the long-distance business.

The House is scheduled to take up its version of the bill later this month.

In the past 10 years, discount programs have emerged as the chief tool of competition between AT&T, MCI and Spring, which account for about 95 percent of the $75 billion-a-year long-distance industry, according to the Yankee Group research firm. But to belong to such a plan, you have to sign up.

''If you're not on a plan, get on one,'' said Brian Adamik, director of consumer communications at the Yankee Group.

The right plan depends on your calling habits, according to the Washington-based consumer group Telecommunications Research & Action Center.

The True Savings plan of market leader AT&T, for instance, offers 25 percent to 30 percent off most domestic long-distance calls, as long as you make at least $10 in calls a month.

MCI's New Friends and Family matches that, then tosses in 50 percent discounts to customers who call within a ''calling circle'' of relations or pals who also subscribe to MCI.

Sprint tries to make things simpler with a flat rate of 10 cents a minute. Time-of-day restrictions often apply.

The first question most consumers ask when they see those promises of long-distance discounts is ''based on what?'' The answer is, basic rates, which often rise even as the discounted prices fall.

Long-distance carriers say the Bells are focusing on basic rates unfairly, and point to their discount plans as evidence that their industry is competitive.

Long-distance rates overall have declined about 70 percent since the AT&T breakup, they said, adding that the Bells should not be allowed into their market until the Bells first show they couldn't use their control of local phone networks, through which most long-distance calls pass, to favor their long-distance services.

The question then becomes: How many people pay basic rates—and how many calls do they make?

Surveys by AT&T, PNR Associates of Philadelphia and the Yankee Group all arrive at the conclusion that about 60 million households don't belong to a plan.

For about half of them, it's hardly worth the bother of signing up: About 30 million spend less than $10 a month on long-distance calls, according to the Yankee Group, and wouldn't benefit from the discount plans, which generally don't provide discounts unless the customer spends at least $10 a month.

That leaves about 30 million households that would benefit from joining a plan.

But, for a variety of reasons, they don't.

''The typical individual thinks there's something attached,'' said Deanna Weaver of Burke, who recently joined her first discount program. ''There isn't any risk, but some people find it hard to believe.''

Many people also may simply be tuning out the ads.

Of 1,000 people surveyed in a recent poll by the public relations company Creamer Dickson Basford, 78 percent said they are tired of ads promising that one calling rate is cheaper than another.

To long-distance companies, customers who spend next to nothing every month are the equivalent of people who hog tables at a restaurant and order only soft drinks. In many cases, carriers lose money serving them. AT&T estimates it costs $3 to $5 a month to service a single customer, which includes the cost of billing and payments into various federal telephone funds.

People who hardly call at all typically are basic-rate customers. Long-distance companies argue that it's not unfair to edge their rates up, so as to lower the numbers who are money-losing propositions.

## DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

### HON. SHERWOOD L. BOEHLERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, August 2, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2127) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes:

Mr. BOEHLERT. Mr. Chairman, I rise in strong support of the Greenwood amendment—an amendment that really ought to be noncontroversial.

For starters, this amendment has nothing to do with abortion. Title X programs do not fund abortions. What these programs do instead is help over 5 million women to receive many primary health care services. Title X clinics serve as the entry point to the health care system—and the only source of services that would otherwise be unavailable to many women.

In addition, title X funding helps deter unintended pregnancies, particularly teenage pregnancies. Members of this House who argued so strenuously for the need to reduce teenage pregnancies during the welfare debate, ought to be the strongest supporters of family planning. But strangely, this is not the case.

Family planning also helps save the American taxpayers $1.8 billion annually. How? Every dollar spent on family planning saves $4 that would otherwise be spent on medical and welfare costs.

In short, family planning improves both the Nation's health and its economy. It should not become the victim of unrelated ideological struggles. I urge my colleagues to support the Greenwood amendment.

## COMMUNICATIONS ACT OF 1995

SPEECH OF

### HON. JOHN L. MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Friday, August 4, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1555) to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telcommunications consumers and encourage the rapid deployment of new telecommunications technologies:

Mr. MICA. Mr. Chairman, as we move forward on telecommunications, I want to ensure that we do not enact any provision that could result in existing radio users being deprived of the ability to operate, expand, and modify as necessary their radio systems. This would be especially true of noncommercial internal use radio systems, operated by safety providers like AAA. These systems are important in protecting the safety and security of the American public. Last year, for example, AAA responded to over 22 million calls for emergency assistance relying heavily on its radio dispatch system. I would therefore urge the House and Senate conferees on the telecommunications bill to reject any provision which would put at risk this public safety service.

## SEAFOOD MONTH PROCLAMATION

### HON. ANDREA H. SEASTRAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, August 11, 1995*

Mrs. SEASTRAND. Mr. Speaker: Whereas seafood is a nutrient-dense food, offering large quantities of protein and significant amounts of vitamins and minerals, without high levels of fat and calories;

Whereas the commercial fishing industry employs more than 350,000 workers in the United States;

Whereas recent figures show that commercial fishing industry contributed more than $16 billion to the Nation's annual gross national product;

Whereas Government figures show seafood consumption continuing to increase above 15 pounds per capita;

Whereas more than 300 species of California-caught fish are delivered to markets throughout the world each year;

Whereas the Morro Bay Estuary, with 2,300 acres of mudflats, wetlands, eel-grass beds, and open water, has been designated a national estuary and granted Federal funds for development of a management plant to protect the bay, including a nationally significant demonstration project to validate how beneficial use, such as commercial fishing and oyster farming, can continue to be compatible with wildlife habitat;

Whereas October has been designated National Seafood Month by the National Fisheries Institute;

Whereas for 14 years people from all over the world have been coming to Morro Bay, CA to enjoy the Harbor Festival;

I recognize before Congress the Morro Bay Harbor Festival—which is sponsored by the California Seafood Council and held the first full weekend of every October to focus public awareness on the commercial fishing industry, seafood industry, and coastal environment—as the official national launch event for National Seafood Month; I would further like to commend those who have put so much effort into making the Harbor Festival one of the country's most worthy, successful, and enjoyable events.

*Friday, August 11, 1995*

# *Daily Digest*

# Senate

## *Chamber Action*

*Routine Proceedings, pages S12317–S12524*

Measures Introduced: Twenty bills and five resolutions were introduced, as follows: S. 1181–1200, S. Res. 163–166, and S. Con. Res. 25. **Page S12370**

Measures Passed:

*Appreciation to America's World War II Veterans:* Senate agreed to S. Res. 164, expressing the sense of the Senate that America's World War II veterans and their families are deserving of this nation's respect and appreciation on the 50th anniversary of the end of the war in the Pacific.

**Pages S12412, S12424–26**

*Washington Convention Center/Sports Arena:* Senate passed H.R. 2108, to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for the preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, clearing the measure for the President. **Pages S12513–14**

*SBA Guaranteed Loans:* Senate passed S. 895, to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the Administration, after agreeing to a committee amendment in the nature of a substitute, and the following amendment proposed thereto: **Pages S12514–17**

Dole (for Nunn) Amendment No. 2426, to extend the Preferred Surety Bond Guarantee Program from September 30, 1995 to September 30, 1997.

**Page S12517**

*Middle East Peace Facilitation Act Authorities:* Senate passed H.R. 2161, to extend authorities under the Middle East Peace Facilitation Act of 1994 until October 1, 1995, clearing the measure for the President. **Page S12518**

*SSA 60th Anniversary:* Senate agreed to S. Res. 165, commemorating the 60th anniversary of the Social Security Act. **Pages S12412, S12518**

*National Character Counts Week:* Senate agreed to S. Res. 103, to proclaim the week of October 15 through October 21, 1995, as National Character Counts Week. **Pages S12518–19**

Department of Defense Appropriations, 1996: Senate completed consideration of S. 1087, making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, after taking action on further amendments proposed thereto, as follows: **Pages S12317–23**

Rejected:

(1) Bumpers Amendment No. 2398, to reduce the amount of money provided for the Trident II missile program. (By 67 yeas to 31 nays (Vote No. 393), Senate tabled the amendment.) **Pages S12318–20**

(2) Harkin Amendment No. 2400, to delete funding for the upgrade of the Kiowa Warrior light scout helicopters. (By 64 yeas to 35 nays (Vote No. 394), Senate tabled the amendment.) **Pages S12320–22**

(3) Kerry Motion to recommit the bill to the Committee on Appropriations with instructions. (By 60 yeas to 38 nays (Vote No. 395), Senate tabled the motion.) **Pages S12321–23**

Withdrawn:

Hutchison Amendment No. 2396, to provide for the management of defense nuclear stockpile resources. **Page S12320**

Stevens Amendment No. 2424, to rescind funds for berthing barges. **Page S12320**

A unanimous-consent agreement was reached providing for a vote on final passage of the bill to occur on Tuesday, September 5, 1995. **Page S12323**

Department of Defense Authorizations, 1996—Agreement: A unanimous-consent time-agreement was reached providing for further consideration of S. 1026, to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, for military construction, for defense activities of the Department of Energy, and to prescribe personnel strengths for such fiscal year for the Armed Forces, and specific amendments to be proposed thereto, on Tuesday, September 5, 1995. **Pages S12326–28**

Family Self-Sufficiency Act: Senate resumed consideration of H.R. 4, to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence, with a committee amendment in the nature of a substitute, taking action on amendments proposed thereto, as follows:

**Pages S12428–S12513**

Pending:

(1) Dole Modified Amendment No. 2280, of a perfecting nature. **Pages S12428–S12511**

Subsequently, the amendment was further modified. **Pages S12428–S12511**

(2) Daschle Amendment No. 2282 (to Amendment No. 2280), in the nature of a substitute.

**Pages S12511–13**

Subsequently, the amendment was modified.

**Pages S12511–13**

Treaties Approved: The following treaties having passed through their various parliamentary stages, up to and including the presentation of the resolution of ratification, upon division, two-thirds of the Senators present and having voted in the affirmative, the resolutions of ratification were agreed to:

Income Tax Convention with Sweden. (Treaty Doc. 103–29)

Income Tax Convention with Ukraine. (Treaty Doc. 103–30)

Exchange of Notes Dated at Washington May 26 and June 6, 1995 Relating to the Income Tax Convention and Protocol with Ukraine. (Treaty Doc. 104–11)

Additional Protocol Modifying the Income Tax Convention With Mexico. (Treaty Doc. 103–31)

Income Tax Convention With the French Republic, with one declaration. (Treaty Doc. 103–32)

Income Tax Convention and Protocol With Portugal, with two understandings and two declarations. (Treaty Doc. 103–34)

Revised Protocol Amending the Tax Convention with Canada, with one declaration. (Treaty Doc. 104–4) **Pages S12522–24**

Appointments:

*U.S. Merchant Marine Academy:* The Chair, on behalf of the Vice President, pursuant to title 46, section 1295(B) of the United States Code, as amended by Public Law 101–595, appointed Senators Pressler and Lott, to the Board of Visitors of the U.S. Merchant Marine Academy. **Page S12342**

*U.S. Coast Guard Academy:* The Chair, on behalf of the Vice President, pursuant to title 14, section 194(A) of the United States Code, as amended by Public Law 101–595, appointed Senators Pressler, Ashcroft, Hollings, and Murray to the Board of visitors of the U.S. Coast Guard Academy. **Page S12342**

Authority for Committees: All committees were authorized to file executive and legislative reports during the adjournment of the Senate on Wednesday, August 30, 1995 from 11 a.m. until 2 p.m.

**Page S12519**

Messages From the President: Senate received the following message from the President of the United States:

Veto Message on S. 21, Bosnia and Herzegovina Self-Defense Act of 1995. (PM–76)

**Page S12326, S12369–70**

Nominations Confirmed: Senate confirmed the following nominations: By 74 yeas to 21 nays (Vote No. 396 EX), Lawrence H. Summers, of Massachusetts, to be Deputy Secretary of the Treasury.

**Pages S12323–25**

Lynne C. Waihee, of Hawaii, to be a Member of the National Institute for Literacy Advisory Board for a term of three years. (New Position)

Vincent Reed Ryan, Jr., of Texas, to be a Member of the Board of Directors of the Panama Canal Commission.

Jay C. Ehle, of Ohio, to be a Member of the Advisory Board of the Saint Lawrence Seaway Development Corporation.

Robert Talcott Francis II, of Massachusetts, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1999.

John Goglia, of Massachusetts, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1998.

Mary S. Furlong, of California, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1999.

Jerome A. Stricker, of Kentucky, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 1998.

James John Hoecker, of Virginia, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 2000.

Vera Alexander, of Alaska, to be a Member of the Marine Mammal Commission for a term expiring May 13, 1997.

Roberta L. Gross, of the District of Columbia, to be Inspector General, National Aeronautics and Space Administration.

Terence T. Evans, of Wisconsin, to be United States Circuit Judge for the Seventh Circuit.

William H. LeBlanc III, of Louisiana, to be a Commissioner of the Postal Rate Commission for a term expiring November 22, 2000.

Jacob Joseph Lew, of New York, to be Deputy Director of the Office of Management and Budget.

Andre M. Davis, of Maryland, to be United States District Judge for the District of Maryland.

Catherine C. Blake, of Maryland, to be United States District Judge for the District of Maryland.

Herbert F. Collins, of Massachusetts, to be a Member of the Thrift Depositor Protection Oversight Board for a term of three years.

Maria Luisa Mabilangan Haley, of Arkansas, to be a Member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 1999.

Joseph H. McKinley, Jr., of Kentucky, to be United States District Judge for the Western District of Kentucky.

B. Lynn Winmill, of Idaho, to be United States District Judge for the District of Idaho.

Sheryl R. Marshall, of Massachusetts, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring October 11, 1998.

John Joseph Callahan, of Massachusetts, to be an Assistant Secretary of Health and Human Services.

Edward Scott Blair, of Tennessee, to be United States Marshal for the Middle District of Tennessee for the term of four years.

Victor Jackovich, of Iowa, to be Ambassador to the Republic of Slovenia.

Beth Susan Slavet, of Massachusetts, to be a Member of the Merit Systems Protection Board for the term of seven years expiring March 1, 2002.

David W. Burke, of New York, to be a Member of the Broadcasting Board of Governors for a term of three years.

Edward E. Kaufman, of Delaware, to be a Member of the Broadcasting Board of Governors for a term of two years.

Tom C. Korologos, of Virginia, to be a Member of the Broadcasting Board of Governors for a term of three years.

Bette Bao Lord, of New York, to be a Member of the Broadcasting Board of Governors for a term of two years.

John L. Hirsch, of New York, to be Ambassador to the Republic of Sierra Leone.

Mark D. Gearan, of Massachusetts, to be Director of the Peace Corps.

James M. Moody, of Arkansas, to be United States District Judge for the Eastern District of Arkansas.

Evan J. Wallach, of Nevada, to be a Judge of the United States Court of International Trade.

Alberto J. Mora, of Florida, to be a Member of the Broadcasting Board of Governors for a term of two years.

John Raymond Garamendi, of California, to be Deputy Secretary of the Interior.

William Harrison Courtney, of West Virginia, to be Ambassador to the Republic of Georgia.

William K. Sessions, III, of Vermont, to be United States District Judge for the District of Vermont.

Ortrie D. Smith, of Missouri, to be United States District Judge for the Western District of Missouri.

Donald C. Pogue, of Connecticut, to be a Judge of the United States Court of International Trade.

Howard Monroe Schloss, of Louisiana, to be an Assistant Secretary of the Treasury.

Cheryl F. Halpern, of New Jersey, to be a Member of the Broadcasting Board of Governors for a term of one year.

Marc B. Nathanson, of California, to be a Member of the Broadcasting Board of Governors for a term of three years.

Carl Spielvogel, of New York, to be a Member of the Broadcasting Board of Governors for a term of one year.

Stanley Tuemler Escudero, of Florida, to be Ambassador to the Republic of Uzbekistan.

Joseph A. Presel, of Rhode Island, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, for the rank of Ambassador during his tenure of service as Special Negotiator for Nagorno-Karabakh.

Stephen D. Potts, of Maryland, to be Director of the Office of Government Ethics for a term of five years. (Reappointment)

Jeanne R. Ferst, of Georgia, to be a Member of the National Museum Services Board for a term expiring December 6, 1999.

Jill L. Long, of Indiana, to be Under Secretary of Agriculture for Rural Economic and Community Development.

Lee F. Jackson, of Massachusetts, to be United States Director of the European Bank for Reconstruction and Development.

Jill L. Long, of Indiana, to be a Member of the Board of Directors of the Commodity Credit Corporation.

Michael R. Murphy, of Utah, to be United States Circuit Judge for the Tenth Circuit.

Charles B. Curtis, of Maryland, to be Deputy Secretary of Energy.

1 Air Force nomination in the rank of general.

1 Army nomination in the rank of general.

**Pages S12519–22, S12524–25**

Nominations Received: Senate received the following nominations: Seymour Martin Lipset, of Virginia, to be a Member of the Board of Directors of the United States Institute of Peace for a term expiring January 19, 1999. **Page S12524**

Messages From the President:

**Pages S12326, S12369–70**

Statements on Introduced Bills:

**Pages S12370–S12410**

Additional Cosponsors: **Pages S12410–11**

Amendments Submitted: Pages S12414–16

Notices of Hearings: Pages S12416–17

Additional Statements: Pages S12417–28

Record Votes: Four record votes were taken today. (Total—396) Pages S12320, S12322, S12323, S12325

Adjournment: Senate convened at 9 a.m. and, in accordance with H. Con. Res. 92, adjourned at 5:14 p.m., until 10 a.m., on Tuesday, September 5, 1995.

## *Committee Meetings*

No committee meetings were held.

# House of Representatives

## *Chamber Action*

The House was not in session today. Its next meeting will be held at noon on Wednesday, September 6.

## *Committee Meetings*

No committee meetings were held.

BILLS VETOED

S. 21, to terminate the United States arms embargo applicable to the Government of Bosnia and Herzegovina. (Vetoed August 11, 1995)

*Next Meeting of the* SENATE

10 a.m., Tuesday, September 5

Senate Chamber

Program for Tuesday: Senate will resume consideration of S. 1026, Department of Defense Authorizations.

At 5 p.m., Senate will vote on final passage of S. 1087, Department of Defense Appropriations, 1996.

*Next Meeting of the* HOUSE OF REPRESENTATIVES

12 noon, Wednesday, September 6

House Chamber

Program for Wednesday: Legislative program will be announced later.

## Extensions of Remarks, as inserted in this issue

HOUSE

Boehlert, Sherwood L., N.Y., E1700
Mica, John L., Fla., E1700
Seastrand, Andrea H., Calif., E1700
Tauzin, W.J. (Billy), La., E1699

**Congressional Record** The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶The Congressional Record is available as an online database through *GPO Access*, a service of the U.S. Government Printing Office. The online database is updated each day the Congressional Record is published. The database includes both text and graphics from the beginning of the 103d Congress, 2d Session (January 1994) forward. It is available on a Wide Area Information Server (WAIS) through the Internet and via asynchronous dial-in. The annual subscription fee for a single workstation is $375. Six month subscriptions are available for $200 and one month of access can be purchased for $35. Discounts are available for multiple-workstation subscriptions. To subscribe, Internet users should telnet swais.access.gpo.gov and login as newuser (all lower case); no password is required. Dial in users should use communications software and modem to call (202) 512–1661 and login as swais (all lower case); no password is required; at the second login prompt, login as newuser (all lower case); no password is required. Follow the instructions on the screen to register for a subscription for the Congressional Record Online via *GPO Access*. For assistance, contact the *GPO Access* User Support Team by sending Internet e-mail to help@eids05.eids.gpo.gov, or a fax to (202) 512–1262, or by calling (202) 512–1530 between 7 a.m. and 5 p.m. Eastern time, Monday through Friday, except Federal holidays. ¶The Congressional Record paper and 24x microfiche will be furnished by mail to subscribers, free of postage, at the following prices: paper edition, $112.50 for six months, $225 per year, or purchased for $1.50 per issue, payable in advance; microfiche edition, $118 per year, or purchased for $1.50 per issue payable in advance. The semimonthly Congressional Record Index may be purchased for the same per issue prices. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington, D.C. 20402. ¶Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and sold by the Superintendent of Documents in individual parts or by sets. ¶With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.