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Senate

The Senate met at 12 noon, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

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

Gracious Father, the Source of comfort and courage in times of grief, our hearts are at half-mast in honor of Capitol Police Officers Jacob Chestnut and John Gibson who were killed in the line of duty here in the Capitol last Friday afternoon. These officers are like members of our family. Their loss creates an empty place in our hearts. Now that place is filled with profound gratitude for them and their heroism. They lost their lives protecting all of us who work here and those who visit the Capitol. Greater love has no man than this, to give his life for his friends.

Dear Father, we can only imagine the wrenching grief of the families of these valorous men. Place around them Your arms of love, encouragement, and peace. Most of all, help them to know that, for believers in You, death is not an ending. Bullets cannot kill the soul. John and J. J. are alive in You.

Now we ask for one more thing. Make us more sensitive to the dangers our officers face daily. Help us to express our gratitude for what they do and for the great friends they are. In the name of Him who is the Resurrection and the Life. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized.

THE CHAPLAIN'S PRAYER

Mr. LOTT. Mr. President, I want to extend our appreciation to the Chaplain for his prayer for these two fine Capitol policemen and friends that we have lost.

I would like to ask that we take another moment of silence to remember them, and to say our personal word of prayer for their family and friends.

(Moment of silence)

A TRAGEDY FOR THE NATION

Mr. LOTT. Mr. President, what happened in the Capitol last Friday afternoon was a tragedy for our Nation. But for all of us here it was something more. It was a death in the family.

We work here every day together, as Senators and as officers of the Senate, staff members, pages, policemen. We see them, and we pass them, over and over again. We talk to them. Some of them we get to know quite well.

I have had the occasion myself to develop a very personal relationship with the man that was my security detail when I was the whip in the House, a man named George Awkward. He did for me what John Gibson did for TOM DELAY as the whip in the House. We got to be very personal friends. He had pizza at night, when we would get home late, with my wife and with me and my children.

So I know how much these men and women put their lives on the line, and how much they mean to us on an individual basis, but also how far too often we walk past them; we take them for granted; we don't realize that they really are there for a very important purpose—protection of our constituents and of all of us and of this magnificent building in which we serve.

Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut were members of our congressional family. They died defending us.

They died defending this Capitol building, this temple of law, where armed violence is a sacrilege against our democratic institutions.

So much has been said in their praise, and yet we need to say more.

So much has been offered in their honor, but we still look for ways to express our admiration, our gratitude, and most of all, our sorrow.

We search for words to comfort their families, and it is not easy to find them. Some losses stay with us forever.

But far more important than our words and our condolences is the assurance of Scripture, that our Chaplain just gave—that ''greater love than this has no man, than that he lay down his life for his frinds.''

That is what the speaker of those words did, almost 2,000 years ago, and that is what officers Chestnut and Gibson did 3 days ago.

In fact, it is what they were ready to do every day of their career, every day when they left their homes and loved ones knowing that they could face a deadly peril in their daily routine.

We do not think often enough of the quiet bravery it takes for officers like those two—the men and women who come to work, here at the Capitol and in communities throughout the country, knowing that this might be the day they encounter mortal danger in the course of their duties.

In my own area of the country—the gulf coast of Mississippi—we recently lost a policeman in the line of duty in Long Beach, MS, and it made an indelible mark on that community and on our whole region.

Senators have already been informed that Officers Chestnut and Gibson will lie in state tomorrow in the great Rotunda of the Capitol.

This is an extraordinary honor that we are paying to them. In the past only Presidents, Supreme Court Justices, and generals like Pershing and MacArthur, former Senator Pepper, have lain in repose in the Rotunda. But I think it is appropriate that these two men, who gave their lives just down one flight of stairs defending that room always packed with constituents, would have this moment to be honored the way they deserve in that room.

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

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There will be times throughout the day for Members and staff and the general public to pay their respects to these two men to say a prayer, to consider how much we owe these fallen colleagues and their families and all those like them throughout the country.

It is important to note that the public will be welcome in the Capitol during that time, and welcome to join us in our solemn tribute in the Rotunda, with the exception of only one hour in the afternoon where there will be a private opportunity for Members of Congress to observe and to pay our respects to these men.

It is most fitting that the public, our constituents from all over the country and all over the world, should be there with us, as they will be, for Officers Chestnut and Gibson and their colleagues were defending them, too.

I can understand the wish in some quarters to make the Capitol absolutely impregnable, or even to close it to the general public so that nothing like this could ever happen again. We will, of course, examine closely all of our security procedures again as we continue to do almost daily to see whether anything can be done to improve it. But we have to keep in mind that this Capitol is, more than any other edifice in the country, and certainly I believe in the world, the people's house.

When I walk out of my majority leader's office and take three steps, I am standing with constituents from all across America. They are there every day. Sometimes they seem surprised that they would see Senators and Congressman walking amongst them. But that is the way it should be. This building is accessible and it amazes our visitors, domestic and foreign, many of whom have had chance encounters with Members of Congress, the President's Cabinet, in the halls, in the dining rooms, in the elevators. The reason the Capitol is so open is that our society is so open. We pride ourselves on that fact.

The people's access to their Capitol is the physical manifestation of democracy. It represents something rare and precious, something all Americans take for granted. It represents the bond between those in high office and those who put them there. It represents, in short, our freedom.

For that freedom, throughout our history, men and women have been willing to stand guard, to fight if necessary, and to die on many fields in many places in the world.

They have done all that to protect their homes, to shield their loved ones, and to preserve their Nation. Some of those brave individuals are memorialized in the Capitol itself in statues of bronze and marble. They stand among us, mute but strangely eloquent about the price of liberty.

Tomorrow, amid those grand statues of heroes past, we will honor two of our own to whom heroism was simply duty. For those two, for Officers Jacob Chestnut, affectionately known as J.J., and John Gibson, this open Capitol, with wide-eyed kids learning the Nation's history, with strangers from abroad awed by its grandeur, with Americans of all creeds and races and religions celebrating their common faith in God, and in one another, this Capitol itself will be their enduring monument.

SCHEDULE

Mr. LOTT. Mr. President, the Senate later on today will adopt an appropriate resolution. It will be a joint resolution, House and Senate. We will confer with the leaders of both bodies on both sides of the aisle as to the appropriate time to have that vote, and we are reviewing the language at this time.

In addition to that, we will resume consideration later on today of the credit union bill which was debated last Friday. I understand that Senator HAGEL will be present later on to offer his amendment regarding credit union loans. Senator SHELBY is tentatively scheduled to offer his amendment at about 3:30.

By previous consent, a rollcall vote with respect to the Gramm amendment will occur at approximately 5:30, or shortly thereafter, but not later than 5:45. It is also hoped that we will vote in relation to the Hagel amendment immediately following that vote, and therefore two stacked votes are expected at around 5:30 this afternoon, with the possibility of one other.

After the Senate completes consideration of the credit union bill, it will move to available appropriations bills. We have three or four that could be available this week. Health care legislation is on the agenda for the week, plus any conference reports that become available and any legislative or executive items, and we do expect, because of the cooperation we received on appropriations bills, we will be able to move a number of Executive Calendar nominations this week. This is the final week prior to our August recess period, when we will have an opportunity to go to our respective States, so I know our days and nights will be quite busy. It is necessary we do that to complete our work.

I thank all Senators in advance for their cooperation.

I yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from South Carolina.

Mr. THURMOND. Mr. President, I have another engagement at this time, but sometime during the day I expect to make a statement on the death of Officer Chestnut and Officer Gibson, heroes of the Senate.

TRIBUTE TO OFFICERS JACOB CHESTNUT AND JOHN GIBSON

Mr. MACK. Mr. President, I rise today to honor John Gibson and Jacob ''J.J.'' Chestnut, the officers who gave their lives Friday in the line of duty.

For Members of the Senate, I would remind them that John Gibson was one of the individuals who was a part of our security detail on our most recent retreat. Yesterday morning, after an early morning run, I stopped by the Capitol where people had placed flowers at the steps, and I talked with a young officer who told me how proud he was of J.J. J.J. was the kind of person who, after 20 years of service in the military, took under his wing the new men and women who were coming into the Capitol Hill Police Force service and to help them on a personal basis, giving them tips about the kinds of things to which they needed to pay attention with their training, the kinds of things they ought to try to accomplish when they are dealing with our constituents when they come into the Capitol.

Many times, I am sure, we forget the difficulty of the duty that they have, on the one hand to be trained to the extent to react the way they reacted on Friday, unselfishly, putting themselves in harm's way so that others may survive, but at the same time having the responsibility of treating our constituents, our friends, our neighbors, when they come to the Capitol, with such graciousness. It is a really difficult job, and I just want to express to the members of the Capitol Hill Police Force, all of those who participate in providing security, our deep appreciation for what they do on a day-to-day basis. Each day we come to work, we pass these officers. As the majority leader said, some of them we know by name, others we have become friends with.

I particularly remember C.J. Martin over at the Delaware entrance in the Russell Building, how each morning we would discuss some very personal things about our lives, the kinds of common bonds, if you will, that we shared. And so, while I didn't know J.J. Chestnut and John Gibson to the degree that I have known other members of the police force here, I know that they were very special people. Again, listening to that young officer talk about how J.J. would stand at that door, erect in that military stance, with great pride, frankly, in the job that he performed, and the reaction that he had, again, with the people as they came in, we don't take what they do for granted, and we want them to know that we are concerned about them and we are concerned about their families.

I had the opportunity on Friday evening to visit the families of J.J. Chestnut and John Gibson and to express to them our deep concern and our love for them, wanting them to know that we cherish their fathers, their husbands, that they mean a great deal to us, that we will do what we can to comfort them, that we won't forget them, that we will remember the families.

While the officers are the ones who lost their lives, now it is a tough and

difficult time for the families. Each one of us, I know, has had the experience of losing someone close to us and we can feel the pain of the tragedy that took place, and we want those families to know that we have not forgotten them and that we will do what we can over the years to see that they are not forgotten.

Friday, in talking with the young sons of ''Gibson,'' as they refer to him, I can only imagine the hurt and pain that those boys 14 and 15 years old must be feeling. I say to all of us, regardless of the role that we play in the Senate or in the House, we are all one big family.

In a sense, there are many families within the family. There is the family of officers and the special grief that they must be experiencing today, as they are required to carry out their duties at a moment in which their minds and hearts must be focused on their lost officers and their families. So I ask everyone, if they would, during this day and the next several days, to pray for those families—for comfort, for love, and for hope.

Again, I can remember a particular time in which my younger brother passed away. I was so angry about his loss; people would come up to me and say, ''CONNIE, time will take care, time will heal,'' and I was so angry I said, ''I don't want it to be healed. I don't want time to take care of it. I am angry.''

But I hope that the families, especially the children, will deal with those feelings inside, that they will share those thoughts to get them out so they don't carry around that hurt and that pain. We want them to know that we truly love them, that we will miss their fathers, their husbands, and we will try to make the Senate and House and the Capitol a place in which they can be proud.

I yield the floor.

Mr. LOTT. 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. KEMPTHORNE. 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

The PRESIDING OFFICER. Under the previous order, there will now be a period of morning business for not to extend beyond the hour of 1 p.m.

Mr. KEMPTHORNE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. KEMPTHORNE. Mr. President, thank you very much.

TRIBUTE TO OFFICERS JOHN GIBSON AND J.J. CHESTNUT

Mr. KEMPTHORNE. Mr. President, for the past 5 years I have had the honor of sponsoring the resolution designating National Peace Officers Memorial Day. This year we added the names of 159 officers to the National Law Enforcement Officers Memorial. Since the inception of this memorial, 14,662 peace officers have been added to the wall.

Next year, two more names will now be added to the wall. These memorials and others around the Nation serve as proof that the individuals who serve this Nation, as our guardians of peace, do so at great personal risk. There are few communities in America that have not been touched by the senseless death of a peace officer by violent means.

This community of Capitol Hill has been touched by tragedy. On Friday, two of our own, Officers John Gibson and J.J. Chestnut, were felled by an assailant while they performed their duties.

America should know that for all the influence of this city and this place, this is, in some ways, like a small town. We know the people in this community as well as we know the people in our own communities back home. The employees who work here day to day become very familiar faces to those of us who are sent here temporarily by our States.

The Capitol Hill Police have a very special duty and a very special trust. They guard this place, this summit of freedom, this people's house, and keep it safe for the citizens of the world. The Capitol Hill Police perform this duty with an unwavering commitment to our safety. And they are willing, as Officers Gibson and Chestnut proved, to lay down their lives for all of our safety.

John Gibson, who I knew personally—a tremendous professional in every sense of the word. When I saw his photograph in the paper, the difference was every time that I would see John or have a word with him his face always had a smile.

J.J. Chestnut, who worked in one of the entrances to this great building, like so many of our officers, was perceived to be more than just a police officer to the wonderful citizens who come to this magnificent building. I think they sense that instead of just a police officer, they are being greeted by ambassadors in the people's house.

I believe that our Capitol Police Department exemplify the finest in America. I have never heard any statement that any of our police officers have been badge-heavy. I have simply heard great reviews of the professionals who carry the badge of the Capitol Police Department.

I know many of the Capitol Police officers personally. I have listened to stories about their families. I have seen photographs of their kids—just parent talking to parent who share a funny story or observation or simply a good word at the end of the day. But in the end, put most simply, they are here to take care of us.

As we near the end of this century, we are often impelled to observe this country is cynical. It is, I suppose, in the American character to question our condition and bemoan the things that are not now as we remember them to be. But in truth, the sacrifice of these men and their families are akin to the selfless ideal that has made this country great. The bravery and the commitment to community that these men possessed will be carried on by their families.

I have had the honor to meet with the families of slain officers from my home State. The strength and the perseverance that is exemplified by each of them is an inspiration to me.

My thoughts and prayers go out to these families and others who have been devastated by this type of senseless violence. There is no answer to the meaningless violence that occurs, but we must celebrate and memorialize the lives of the officers who serve and protect us.

To the Capitol Hill Police, I would like to simply say, I am sorry for your loss and for our loss because we are family here, to say how proud all of us are of you and to thank you for your service that you give to us each and every day, and to say to the families of Officer Gibson, Officer Chestnut: Your husband, your father, demonstrated service beyond self in the most dramatic way—by sacrificing their lives for our safety, for our freedom.

Our prayers are with John, with Officer Chestnut, with their families, and with the other officers who continue that tradition of being truly some of the finest anywhere in the Nation or the world. You are our friends, you are our guardians, so that we can do our duty here in the Nation's Capitol. God bless these two officers and God bless what they mean to all of us.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair.

Mr. President, it has struck me often in my 10 years here in the Senate that one can look at the life we lead here in different ways. In one sense, in a sense that is most visible, we do the work of the country: We hold hearings, we meet with constituents, we legislate. This is the Congress of the United States.

But in another sense, it has struck me increasingly over the years I have been honored to be here that there is another level of experience in this Capitol, which is that we are, in our own way, a small town of our own. We are a community. Yes, we have the Members of Congress and we have all who serve in our offices so well. We have the officers of both Chambers and those who work to keep these Chambers going. But there is a broader community here that we are all part of. It is the people who keep the buildings in such good repair.

We have doctors, we have nurses, we have clergy people, we have representatives of the media who live in this community with us who cover us. We even

have our own newspapers. And we have police officers. We are a small town in the way that life is lived in so many small towns across America. But we are very different from most any of those small towns in that hundreds of thousands of fellow Americans—indeed, people from all over the world—come and walk through this great citadel of democracy, this great symbol of freedom, peacefully and respectfully, coming through our community.

On Friday, as we all know, one madman disrupted the tranquility of our community and took two of our own, Special Agent John Gibson, Officer Jacob Chestnut. There is a sense of palpable sadness and grief in this Capitol today, a sense of mourning at the loss of these two officers, because they were members of our community. We saw them every day. We exchanged greetings with them. We deeply regret and in some ways, I am sure, feel anger at what happened on Friday to take these two fine men, these two heroes, from us.

As we mourn their loss, I do think it is important for us to remember the extraordinary and unique war that law enforcement officers play in this small town, our little community, the Capitol of the United States, which is similar to the part they play in every other community across America. Think of what happened in those few tragic, jolting moments on Friday afternoon when danger occurred and the sound of bullets resonated through the halls of the Capitol. Most everyone in the Capitol ran for cover, locked their office doors, jumped under tables and desks, got out of the way of danger. But the law enforcement officers, the Capitol Police throughout this Capitol, including these two fallen heroes, rushed to the danger. That is their job, to protect the rest of us. It is an extraordinary difference in a quiet, normal moment on a midsummer Friday afternoon. Suddenly, one madman pierces all of that, and every officer, every Capitol Police officer in our small town, rushes to the danger, rushes to their duty station. These two responded with instinctive but extraordinary, heroic impulses to stop this man, and ultimately did, and save so many lives through their heroism.

Mr. President, I mentioned this just to pay tribute in some small way to Special Agent Gibson and Officer Chestnut, but to remind us how much we owe these people in this small town of ours, and in every city and town across America, and why we ought not to just treat them with a warm hello but feel, as we do today, in some measure every day the gratitude we have to them and express that in the best way we can, which is not only as friends and fellow citizens of our communities, but when we have a chance, as employers, to treat them appropriately and according to the extraordinary responsibilities that they bear in a moment of crisis.

Mr. President, by coincidence this morning, I was reading from Jeremiah's Book of Lamentations and I read the commentary on Lamentations in which were cited the comments of an ancient rabbi who was interpreting the Psalms, David's Book of Psalms. In dealing with the sadness, the sense of gloom that is so at the heart of the Book of Lamentations, this sage of old, in commenting on Psalms, expressed a thought that is familiar to all religions, which is, ''If I had not fallen, I could never have arisen. If I had not sat in darkness, I could never have seen the light of God.''

So in this time of deep and heavy darkness for our community here on Capitol Hill, we pray with faith together and the faith that unites us in our community, unites us as faith has always united people in American communities, that Special Agent Gibson and Officer Chestnut are seeing the light of God, that they are being welcomed in the warm embrace of eternal life, greeted as the heroes that they are. We pray, also, that God will grant strength and comfort to their families, to their friends, to their fellow officers in the Capitol Police corps, and in some measure to all of us in this small town, Capitol Hill, who, today, mourn their loss.

I thank the Chair and I yield the floor.

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Virginia is recognized.

Mr. ROBB. Mr. President, first, I ask unanimous consent the period for morning business be extended by an additional 15 minutes—I know there is at least one other colleague on the floor and there may be others—so that we might spend a moment in additional tribute to the two officers.

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

Mr. ROBB. Mr. President, I just want to add my voice to those who have already spoken and those who will.

Friday was a difficult day for all of us here as part of the family. That has been more eloquently described than I can describe it both today and elsewhere. Like many of the Members, I happened to be in my office less than 100 yards away from where the shooting took place. I was unaware of the shooting. I heard the sirens and I heard the helicopter when it approached to take the victims to the trauma center. At that point, I tuned in and observed what was happening.

There was a sense on the part of all of us that something very tragic had occurred to members of the family. It wasn't until the names were released that we knew which members of the family had been affected. I realized when the names were ultimately released and saw the pictures that Officer J.J. Chestnut was the person who had been on that post any number of times. Many of us who come and go from the Nation's Capitol late in the evening find that is one of the few doors that is open. So we get to know the people who are there, and they are always greeting us with a smile.

In truth, I didn't know that I knew or had a relationship with Special Agent Gibson until I found out from my wife and mother-in-law that during a recent visit he had accompanied them throughout a tour of the Capitol, and they had been very grateful for the professional courtesies and kindness that he had extended to them. I found out that he was a resident of Lake Ridge, VA. It just so happens that the other person who was wounded, Angela Dickerson, was a tourist and taking a family on a tour, also happens to be from Chantilly, VA. I noted that J.J. Chestnut was a Vietnam veteran and is going to be accorded full military honors when he is buried Friday in Arlington.

These were very, very special people. The initial feeling among many when we heard that there had been gunfire inside the Capitol was that somehow the security system had broken down. I was relieved and pleased, as I think all of our Members were, to know that in this case the system had actually worked, and it had worked superbly. The men who ultimately gave their lives had done so in precisely the way they were trained to protect the Capitol and all who serve in it. I think that is a testament to the professionalism of the Capitol Police and to all of the members of this extended family.

I didn't go out and talk to the media on Friday, but two down-State reporters came to my office, unsolicited, and I talked to them for a couple of minutes. One asked me, ''What should we do?'' I said, ''I hope we don't do much of anything. We will take a look at the procedures, but we want to keep the people's house as open as we possibly can.'' I think this is a symbol of democracy, and these two men died in defending that symbol. But we want to be careful not to take the wrong actions.

What we can do, and what we ought to do, is remember to thank those who serve us—whose service we sometimes take for granted. On the way out of the Capitol later that evening, I stopped and thanked the Capitol Police officers who were still on duty. They were still doing their duties professionally, although they were grieving. I happened to go to an engagement that I had that evening and I was late coming back. It didn't conclude until almost midnight. I said, ''I want to go back to the Capitol. The midnight shift will have come on now and they are going to take it pretty hard as well.'' I had a chance to quietly visit with some of the other members of the Capitol Police.

Many of us are trying to find a way to say to those men and women who serve so ably, and sometimes without the recognition that they deserve, that we are grieving with them, that we appreciate what they did, what they continue to do. I suggest to people who might not be a part of the extended family here in the Capitol that all of us feel that if you want to find a way to

express your appreciation, stop your local policeman on the street and say ''thank you'' because they, too, are providing a kind of service that, in many cases, we end up taking for granted; yet, it is critically important. When the chips are down, these folks respond. And as my distinguished colleague from Connecticut noted a minute ago, when many seek cover, that is the time they put themselves directly in harm's way to ensure that access to our Nation's Capitol and the freedom to move about for all of us who benefit from their services goes uninterrupted.

With that, I will close. I just wanted to say to all of those who continue to serve: Thank you. We don't always remember to say that. To the families of J.J. Chestnut and John Gibson, in particular, we share your loss. You are in our thoughts and prayers, and to all who serve us in ways too numerous to count, we do appreciate what you have done for us and what you continue to do for us. We will continue to remember the extraordinary service and the ultimate sacrifice that was made by these two fine officers in defense of our Nation's Capitol.

With that, Mr. President, I yield the floor.

OUR HEARTS GO OUT TO THE FAMILIES OF THE SLAIN OFFICERS

Mrs. HUTCHISON. Mr. President, I just want to say that all of us in the Capitol have one overriding thought in our minds right now, and that is that our hearts go out to the families of the two officers who were slain in the line of duty last Friday.

All of us were in a different place. But I will never forget where I was when learning this tragic news. I had left the Capitol that morning and had returned home to Texas. I was just stunned. And when I learned that these officers had passed away after their injuries, I was heartsick, as all of us were.

There is no question that the Capitol Police are friends to all of us. When I came into the Capitol this morning and saw the black tape across their badges, it all hit. And I want to say there is not anyone here who has worked with these fine men and women who doesn't appreciate every day the job they do protecting all of us and every visitor to the Capitol.

GOD BLESS J.J. CHESTNUT AND JOHN GIBSON

Mr. SARBANES. Mr. President, I want to take just a moment to join those of my colleagues who have already spoken with respect to our profound shock at the death of Jacob ''J.J.'' Chestnut and John Gibson, two Capitol Police officers who lost their lives in the line of duty on this past Friday, and to express my very heartfelt sympathies to their families.

J.J. Chestnut and John Gibson have been engaged over their working careers in the dedicated mission of protecting the lives of their fellow citizens, literally thousands of people who move in and out of the Capitol Building each day, those who work here, those who visit here, both our own citizens and from abroad.

As we all know, on Friday, the people's house, the U.S. Capitol, was violated by a gunman. Officer Chestnut and Special Agent Gibson put themselves on the line, as do all law enforcement officials, each and every day, both at work and, since they are committed to law enforcement, even when they are off work, literally all the time, in order to protect the physical well-being—indeed, to protect the freedoms that so many of us have taken for granted.

In its editorial today, Roll Call, which, of course, as we all know, is the newspaper devoted to reporting the activities on Capitol Hill, said this:

> Sometimes, given the comparative low level of violence around the Capitol complex and given that Capitol Police officers are usually seen cheerfully directing traffic and gently herding tourists, it's forgotten that ours—

Meaning the Capitol Police Force—

> is a real police force. We who live and work around the Capitol know—but others don't—that our police also fight crime in the neighborhood as well as watch the Capitol. But now all of America understands that the Capitol Police do not just stand guard, but also stand ready to be heroes. That knowledge was derived last week at heartrending cost.

We call them heroes today, and they truly are, but Officer Chestnut and Special Agent Gibson were also husbands, fathers, grandfathers—already heroes to their wives, to their children and grandchildren, to their other family members, and to their neighbors who respected them not only for their uniforms but for the laws they vowed to uphold and the lives they protected on a daily basis. It is these loving people they leave behind, having given of themselves to protect the lives of others and in defending one of the great symbols of this democratic Nation, perhaps the preeminent symbol of our democratic Nation—the United States Capitol.

Mr. President, may God bless J.J. Chestnut and John Gibson. They are true heroes, and I join with my colleagues in expressing my condolences to their family members.

DEEP SENSE OF SORROW

Mr. DODD. Mr. President, I join other colleagues of ours who today, and I hope tomorrow as well, will find time to express their deep sense of sorrow over the loss of two of our Capitol Hill police officers last Friday, as well as to express their sincere condolences to the families and friends of these two very fine officers, J.J. Chestnut and John Gibson.

The events of last Friday, July 24, certainly will leave an indelible mark on this community—this Capitol community, if you will—and our Nation. The tragic legacy of this incident will not only be the courage displayed opposing this senseless act of savagery but will also be the premature loss of these two fine, brave men.

J.J. Chestnut and John Gibson were not just courageous officers, they were fine human beings. They were friends of many here and in the House of Representatives. All of us in this Chamber cannot help but take this loss personally, because Officers Chestnut and Gibson worked every day to ensure the safety of each and every one of us in this Capitol Building. I think that every American should look into their hearts and thank these two men for their sacrifices, because they also worked to protect all of those who visit this great Capitol Building, this symbol of democracy, as well as the freedoms which the Capitol represents.

All Americans should give thanks and say a prayer for these two fine men and all of the men and women in uniform throughout our Nation who take that oath to ensure our safety every day. Our police officers are husbands, they are parents and friends, they are neighbors—in many ways, ordinary citizens just like the rest of us. But in one very important way, these individuals are quite extraordinary. Every day when they put on their uniforms, their work clothes, and they say goodbye to their families and go to work, they literally put their lives on the line so that we may enjoy the safety and the freedoms that too often, I think, we take for granted. We describe their actions as heroism, but they simply view them as their duty.

President John Kennedy once said:

> The courage of life is often a less dramatic spectacle than the courage of a final moment; but it is no less a magnificent mixture of triumph and tragedy. A man does what he must—in spite of the personal consequences, in spite of obstacles and dangers and pressures—and that is the basis of all morality.

While we will forever remember Officer Chestnut and Detective Gibson for their actions on July 24, they deserve our respect and admiration not only for the way they performed their duties on that day but for the way they and those who share a similar uniform carry themselves every day throughout their lives—always working in the service of others, with great courage and character.

It is important that we remember not only those who gave their lives but also express our gratitude to those who are left to carry on their mission.

Officers Chestnut and Gibson's colleagues must put these events behind them and carry on with their everyday lives and continue performing the services that are so important. We are all very grateful for the sacrifices they make every day and the commitment to their communities that these men and women display.

It has been ordered that their bodies will lie in state in the Capitol rotunda tomorrow, the same Capitol where they gave their lives in service to their country. This honor is usually reserved for our Nation's most prominent leaders, Presidents, Supreme Court Justices, and Generals. But I know all of us in this Chamber feel that this is an appropriate tribute to the two men whose commitment to their country

and their community is surpassed by none.

J.J. Chestnut and John Gibson leave behind loving wives and children. I offer my heartfelt condolences to both families and their friends, and, on behalf of this body, I know I speak for all of our colleagues in saying they will long be remembered for their friendship and their courage.

TRIBUTE TO THE CAPITOL POLICE FORCE

Mr. BENNETT. Mr. President, I wish to make a personal comment about the tragedy that occurred in this building on Friday and add my voice to those that have been raised in tribute to the professionalism, the courage, and the compassion of the members of the Capitol Police Force.

I remember, when I first came to Washington as an intern in 1950 as a student from the university, the Capitol Police Force was affectionately referred to as the ''campus cops.'' It was a patronage job, and people who served on the Capitol Police Force in those days were appointed by their Senators. Usually, they were law students who were going to school at George Washington University that taught the entire curriculum at night. So the Capitol Police could earn their way through law school by sitting at their various stations in the Capitol during the daytime and taking their classes at night. One of the more prominent attorneys in Salt Lake City got his law degree that way and said he did all of his studying at his desk as a Capitol policeman and commented, ''If I had ever been called upon to draw my weapon, I wouldn't have known what to do. I would have been scared to death if anybody had ever confronted me in my position as a policeman.''

That was the situation 40, 45 years ago. The professionalism of those who did draw their weapons and handled them expertly in the crisis that occurred last Friday demonstrates how far we have come and how great a debt those of us who labor here, hopefully doing the people's business, have to those who have produced that kind of professionalism and produced that kind of change from what we once had. It is a sad commentary that we need this kind of professional force and we don't have the kind of society that could get by with ''campus cops'' of the kind that were here that many years ago, but it is comforting to know, in the face of that need, we have people of the caliber that we do have serve us. I add my voice to those that have been raised in tribute to those who serve us in that capacity.

TRIBUTE TO OFFICERS CHESTNUT AND GIBSON

Mr. MURKOWSKI. Mr. President, I rise to pay tribute to the memory of the two Capitol Hill Police officers who gave their lives in the line of duty Friday afternoon.

Jacob J. Chestnut and John Gibson were dedicated officers whose deaths are mourned by all of us on Capitol Hill, and by many across America.

A sense of genuine grief grips us as we come to terms with the tragedy that unfolded in our midst on Friday. At the same time, we stand in awe of the heroism they and other officers displayed in ending a gunman's rampage and saving the lives of innocent citizens.

Jacob Chestnut and John Gibson were committed to the United States, having sworn to protect lawmakers, citizens, and the peace as Capitol Police Officers. While I did not have the honor of knowing them personally, I am truly grateful for their dedication and service—as well as the dedication and service of all who serve as police officers.

As a father of six and grandfather of eleven, I know how important family is. The loss of a son, father, husband, and friend is devastating. My thoughts and prayers and those of my wife Nancy are with those who knew and loved these two quiet heroes.

Officer Gibson has left behind his wife, Evelyn, and three children. While the loss of Officer Gibson as a father and husband is immeasurable, I know his memory will be a source of strength for his family.

Officer Chestnut is survived by his wife, Wen-Ling, and five children: Joseph Chestnut, William Chestnut, Janet Netherly, Janece Graham, and Karen Chestnut. Grief has surely stricken this family and the death of their cornerstone can never be as deeply felt by others, but Officer Chestnut died a hero, protecting his country as he had sworn to do both during his years in the Air Force and as a Capitol Police Officer.

Mrs. Chestnut, Mrs. Gibson—please accept our condolences are prayers. We are all indebted to both your husbands for their dedication and their selfless, heroic acts.

I yield the floor.

IN HONOR OF LIEUTENANT GENERAL DAVID McCLOUD

Mr. MURKOWSKI. Mr. President, I rise today to speak about another very tragic incident which took place this last weekend. Yesterday, Lieutenant General David J. McCloud, commander of all the military forces in Alaska, was killed when his YAK–54 stunt plane went down over Fort Richardson. Lewis Cathrow, of Alexandria, Virginia, was also killed in this tragic crash.

I had the pleasure of knowing David McCloud; although not nearly as well as I would have liked. He and his wife Anna came to Alaska this past December, when he took over as commander of the Alaskan command. As some of my colleagues may be aware, this post carries the distinction of being responsible for all of the more than 21,000 active duty and reserve personnel from all branches of the Army, Air Force, Navy, and National Guard in Alaska. But it also means that he is a key member of our community. And, Mr. President, this is how David should be remembered, as a member of our community.

David McCloud died doing what he loved—flying. Before he took the post in Alaska, he told me of his plan to purchase a stunt plane, and how he had flown virtually every type of plane in our Air Force fleet, including the B1–B bomber and most of the fighter models used by our Air Force during the last 30 years.

General McCloud will be sadly missed by many. My deepest condolences go out to his wife, Anna, and to his family and friends. They will be in my thoughts and prayers during this difficult time.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there a further request for morning business?

If not, morning business is closed.

CREDIT UNION MEMBERSHIP ACCESS ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 1151, the Credit Union Membership Access Act, which the clerk will report.

The bill clerk read as follows:

A bill (H.R. 1151) to amend the Federal Credit Union Act to clarify existing law with regard to the field of membership of Federal credit unions, to preserve the integrity and purpose of Federal credit unions, to enhance supervisory oversight of insured credit unions, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Gramm amendment No. 3336, to strike provisions requiring credit unions to use the funds of credit union members to serve persons not members of the credit union.

Mr. HAGEL addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Nebraska is recognized.

AMENDMENT NO. 3337

(Purpose: To amend the bill with respect to limits on member business loans, the definition of a member business loan, and experience requirements for member business lending)

Mr. HAGEL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Nebraska [Mr. HAGEL], for himself, Mr. NICKLES, Mr. ROBERTS, Mr. HELMS, Mr. SHELBY, Mr. ENZI, and Mr. GRAMS, proposes an amendment numbered 3337.

Mr. HAGEL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 54, strike lines 12 through 21 and insert the following:

''(a) TOTAL AMOUNT PERMISSIBLE.—

''(1) IN GENERAL.—On and after the date of enactment of this section, no insured credit union may make any member business loan that would result in a total amount of such loans outstanding at that credit union at any one time equal to more than the minimum net worth required under section 216(c)(1)(A) for a credit union to be well capitalized.

On page 55, strike line 10, and insert the following:

''(c) EXPERIENCE REQUIREMENT FOR MEMBER BUSINESS LENDING.—Beginning 3 years after the date of enactment of this section, each employee or related person of an insured credit union shall have not less than 2 years of direct professional experience in the member business lending field before making or administering any member business loan on behalf of the insured credit union.

''(d) DEFINITIONS.—As used in this section—

On page 56, strike lines 1 through 5.

On page 56, line 6, strike ''(iv)'' and insert ''(iii)''.

On page 56, line 12, strike ''(v)'' and insert ''(iv)''.

Mr. HAGEL. Mr. President, I am offering this amendment today on behalf of myself, Senators BENNETT, NICKLES, ROBERTS, HELMS, SHELBY, ENZI, and GRAMS.

Before I address this amendment, I want to say that I am grateful, as all our members on the Banking Committee, for Chairman D'AMATO bringing this important piece of legislation up, focusing on it with some dispatch, getting it out of committee and onto the floor of the Senate. Also, I wish to thank the ranking member of the Banking Committee, Senator SARBANES, for his leadership as well.

As I suspect, both Chairman D'AMATO and Senator SARBANES are not going to agree with my amendment. Nevertheless, I am grateful that they have focused on this issue and provided the kind of leadership that is important on these financial service matters.

Mr. President, I support credit unions and the cost-efficient service they provide to their members.

Our amendment, which we are offering today, is not designed to hurt credit unions. To the contrary, our amendment is designed to keep credit unions strong, secure, and focused on their special role of serving consumers. It does that by preventing the unchecked expansion of credit unions into commercial lending. Currently, there are no limitations on how much commercial lending in which a credit union may engage.

Let me emphasize that our amendment does not prevent credit unions from making commercial loans.

Our amendment has essentially three main points:

First, we would lower the commercial lending cap contained in H.R. 1151 from 12.25 percent of a credit union's assets to 7 percent of a credit union's assets. This would establish for the first time a cap on commercial lending by credit unions. But the cap currently contained in H.R. 1151 is arbitrary, and because of an accounting loophole, is essentially meaningless.

We share with the authors of H.R. 1151 the belief that credit union commercial lending should be limited. But we also believe those limits should be relevant and be meaningful. The 12.25 percent of assets commercial lending cap now in H.R. 1151 is completely arbitrary. Our amendment's 7-percent cap is tied directly to the amount of capital that H.R. 1151 requires a ''well-capitalized'' credit union to keep in reserve.

Let me explain what this means.

Credit unions, like all other financial institutions, are required by their regulators to keep a certain amount of ready capital on hand as a cushion in case of hard times—a sort of ''rainy day'' fund. H.R. 1151 would, for the first time, establish a target amount of capital that a well-capitalized credit union should keep in reserve, and would prohibit credit unions from making commercial loans if they fall too far below that target. By tying commercial loans dollar for dollar to capital reserves, we strengthen the safety and soundness of credit unions that choose to engage in business lending. We must make sure that credit unions cannot risk more of their loan portfolio on commercial ventures than they have reserve capital ready to back up the loans if those loans go bad.

We protect the consumer. We protect the credit union members. Credit unions would have a 3-year grace period to comply with this cap.

Our amendment will help H.R. 1151 to better achieve its main purpose, which is described, by the way, in the Banking Committee report on H.R. 1151. This is the actual language coming out of the Senate Banking Committee. And I quote:

> . . . [to] ensure that credit unions continue to fulfill their specified mission of meeting the credit and savings needs of consumers, especially persons of modest means, through an emphasis on consumer rather than business loans.

Second, our amendment would require that all of a credit union's commercial loans must count toward its cap.

Current National Credit Union Administration policy, which would be codified by H.R. 1151, excludes any commercial loans made to a single member that totals less than $50,000 from being counted as commercial loans.

Mr. President, you heard it right. That is right. Current regulations, which H.R. 1151 would codify, say that a commercial loan is not a commercial loan if it is less than $50,000.

With this loophole, there is no accurate, full, or honest accounting for commercial lending in credit unions. This makes no sense. No other financial institution enjoys this sort of charade and slight of hand. This loophole makes any commercial lending cap meaningless, because it permits an unlimited number of commercial loans so long as each of those loans is less than $50,000.

Our amendment would require truth in accounting—truth in accounting—for all commercial loans.

Third, our amendment codifies current NCUA policy that requires a credit union to use qualified personnel to administer commercial loans. Our language states that a commercial loan officer must have 2 years experience in his field. This is a commonsense provision that needs to be codified. For those smaller credit unions that feel this would be a new regulatory burden, there are three responses.

We are simply codifying current NCUA policy, and we provide a 3-year phase-in for compliance with this provision. The experience requirement will not force credit unions who make a few small commercial loans to hire a full-time staffer. The NCUA's general counsel has stated that this requirement could be met by hiring contract assistance on a case-by-case basis.

This is a very basic safety and soundness provision.

Let me be very clear about what our amendment does not do.

Our amendment does not—does not—restrict credit for farmers, small business owners, or low-income areas that rely on credit unions.

That's because H.R. 1151, as reported by the Banking Committee, already contains several generous exceptions to the commercial lending cap—and our amendment does nothing to change these important exceptions. The four exceptions are:

First, a credit union that is primarily engaged in business lending, which includes agricultural and small business lending, will not be subject to the commercial lending cap. That means those credit unions that qualify for this exemption can make agriculture or small business loans without any limits.

Second, a credit union that is chartered for the purpose of business lending will not be subject to the cap. This means an agriculture co-op credit union would be exempt from the cap.

Third, a credit union that serves predominantly low-income members will be exempt from the cap. This ensures that low-income areas, many of them located in urban areas, are not hurt by the new commercial lending restrictions.

Fourth, a credit union that is determined to be a ''community development financial institution,'' as defined in existing banking law, will be exempt from the cap. This exception is intended to help low-income community development efforts across the Nation.

Mr. President, only 13 percent of the 11,400 credit unions across this country, including Federal- and State-chartered, have any commercial loans at all. That is according to the Credit Union National Association.

Our amendment has absolutely no effect on the other 87 percent of credit unions that choose not to make commercial loans.

And even of that 13 percent of credit unions that are in the commercial lending business, the vast majority will not be restricted by the 7 percent of assets cap that our amendment proposes.

That is because commercial loans currently constitute only 1 percent of total credit union assets, according to the Credit Union National Association.

Why should credit unions be subject to a meaningful commercial lending cap? There are several answers to that question.

First, credit unions, as stated in the preamble of the Federal Credit Union Act of 1934, were created by Congress to make, and I quote from the preamble: ''credit more available to people of small means.'' To achieve this goal, Congress exempted credit unions from paying Federal income taxes. Credit unions do not pay any Federal income taxes. When thrifts were exempt from income taxes before 1952, Congress prohibited them from making any commercial loans because of their tax-exempt status.

A second reason to have meaningful limits on commercial lending is to ensure fair competition—competition between small banks and credit unions in the commercial lending arena. Credit unions' tax exemption allows them to offer lower interest rates on loans and higher interest rates on savings accounts and certificates of deposit.

The third reason to have meaningful limits on commercial lending is to protect taxpayers by ensuring the safety and soundness of the credit union system. The Federal Government stands behind each credit union depositor, insuring deposits up to $100,000. If a serious financial crisis in the credit union system depleted the Credit Union Share Insurance Fund—which is Federal deposit insurance for credit unions—then the Federal Government would have to step in with taxpayer funds to protect depositors against loss.

I have several concerns about credit union safety and soundness:

First, unlike banks and thrifts, credit unions—as non-profit entities—cannot issue stock to replenish their capital reserves during hard times. That's a real weakness when a quick capital infusion is needed—such as during a time of defaults, such as during the 1980s when we all recall the tragedy of the S&Ls, when capital levels fell quickly and new capital was required immediately.

Second, we've seen commercial loans put credit unions in danger before. Rhode Island experienced a credit union crisis in 1991 that resulted in the failure of a State-chartered private deposit insurance fund. The crisis was, in part, caused by excessive and risky commercial lending. Thirteen of the State's credit unions were permanently closed, and the state sought Federal assistance to repay depositors.

Third, by their own admission, credit unions make loans to those who don't qualify for credit at banks.

This is their strength. This is the strength of a credit union, serving those who do not receive service at traditional financial institutions. However, this is also a very important area of concern, because this means credit unions are many times making very high risk loans to people whose credit history makes them ineligible for loans elsewhere.

Fourth, all banks and thrifts are required to abide by risk-based capital standards. This means they must set aside more capital, depending on how risky their loans are. Unfortunately, credit unions don't have risk-based capital standards today. Now, H.R. 1151 makes a weak, valiant but weak, attempt to address this issue by regulating capital standards for ''complex credit unions,'' but that effort is neither clear nor meaningful. That is why our 7-percent-of-assets cap, which ties credit union commercial loans dollar for dollar to capital reserves, makes sense. This protects the credit union members whose money is at risk.

In summary, our amendment strengthens the safety and soundness of credit unions with open and honest accounting. It brings market fairness to the relationship between tax-exempt credit unions and tax-paying small community banks, and it refocuses the original intent of credit unions on consumer loans and services. I hope my colleagues will support this important amendment.

I reserve the remainder of my time and yield the floor.

The PRESIDING OFFICER. The distinguished Senator from Utah is recognized.

Mr. BENNETT. I thank the Chair.

Mr. President, let me give you a little history as I see it with respect to this bill and why this amendment, in my view, makes sense.

We are here because the Supreme Court has ruled that the NCUA, the regulatory body dealing with credit unions, has been misapplying the law since 1982. The Supreme Court in response to lawsuits that were brought before it has ruled that credit unions have grown in violation of the law, or have engaged in actions that are a violation of the law since 1982.

Since those credit unions were following the dictates of the NCUA, their regulator, it would be unfair to penalize the credit unions; they were playing by the rules as they understood them. And when the rulemaker itself was the agency that was making a mistake, it is not fair to penalize the people who followed those rules. But we have to change the rules if they have been improperly applied, and that is what the result of the Supreme Court decision has presented us.

We have decided, as a Congress, that we are going to change the rules, that we are going to now codify that which has been done since 1982, and I think it is right and proper that we do so. I am in favor of doing that, however much that may disappoint the banks that were hoping that with the winning of this lawsuit they could turn the clock back to 1982. But we cannot. We must say that those who have appropriately opened accounts at credit unions will have those accounts protected, and that we will not turn the clock back that many years.

As we have done this, we have raised the maximum size of an employee group which is eligible to affiliate into a multiple common bond credit union from 500 to 3,000. That is a sixfold increase, and the 3,000 employee threshold encompasses 99 percent of all businesses in America. There are only 16 private companies in my entire State that employ more than 3,000 people. So this is a major step forward to support and encourage the credit union movement, and I believe it is the real heart of the bill that is before us, and I support this activity.

But in the process of dealing with the Supreme Court ruling and making the change about the maximum size of employee groups, the Banking Committee has taken a look at the credit union situation overall and has come to the conclusion, rightly in my view, that in order to protect the safety and soundness of credit unions, there should be a limit on the amount of commercial loans that credit unions make.

The only controversy that we have with respect to the amendment before us is not should there be such a limit but, rather, where should the limit be. As it came out of the committee, the limit was at 12.25 percent of assets, and I supported that. But I recognized that it needed to be looked at more carefully, and as I have looked at it more carefully, along with the other Senators who have cosponsored this amendment, I have come to the conclusion that the limit should be slightly less than the 12.25 that was in the bill from the committee. It should be at 7 percent, which is the amount set aside by regulation as to credit union capital.

Why the lower amount? Well, there are several reasons. One of them that Senator HAGEL has already addressed has to do with safety and soundness and the experience in other States, specifically Rhode Island that had some serious difficulties. We don't want a repeat of those difficulties, and a lower limit is a greater bulwark against those difficulties than the one which is higher.

I am interested that the telephone calls we get in our office as this amendment gets talked about out in the credit union world almost always follow the same dialog.

They say, ''Why is Senator BENNETT proposing an amendment that the credit unions don't like? We thought he supported credit unions.''

Then the member of my staff answering the call said, ''Senator BENNETT is supporting an amendment that would put a limit on commercial loans.''

Then the caller said, ''But credit unions don't make commercial loans.''

Which then puts us in the position to say, ''If that in fact is true, why do you object to a limit?''

Most credit union people who talked to me believe that credit unions make

loans only to individuals. And the credit unions that have come to see me from the State of Utah have all stressed the fact that commercial lending is a very small percentage of their business. Indeed, they say, ''No, we do not go above 5 percent of our total capital involved in commercial loans.''

And, to them I say, once again, ''If you don't go above 5 percent, why would you object to a limit that is at 7 percent? You can continue to do exactly what you are doing under the Hagel amendment, with no difficulty.''

Then, finally, one of them who was seized with a burst of candor cornered me when I was in the State this last time and said, ''We want to grow our commercial loan business, and if you put in the 7 percent cap that you are talking about, we will hit that within a matter of months. We are growing very rapidly. We want the cap higher so we can grow beyond that level.''

This gentleman—and I use the word ''gentleman'' appropriately, because he certainly was in the way he handled himself in our conversation—has, as his background, a career in commercial banking. He, for reasons good and sufficient unto himself, decided he was going to leave the bank that he had worked at most of his life and go to work for a credit union.

Naturally, the thing he wanted to do with his new employer is use his skills to the very best advantage. And since his whole history is in growing commercial loans at the bank for which he had worked, he decided he would now work to grow commercial loans in the credit union where he worked. And he has been very successful. The credit union portfolio of commercial loans under his direction is growing rapidly, growing rapidly to the point that, as I say, if you put a cap at the 7 percent we are talking about with this amendment, his credit union will hit that within a matter of months. And he said, ''Can't you stick with the 12.25 percent that came out of the committee, because we will not hit that for maybe a year or so?''

So, as I said, the issue is not, should we have a cap; the issue is only where should it be. And, because he wants, naturally and properly, to see the amount of portfolio that he is overseeing grow to as big an amount as it possibly can, he wants the cap to be as high as it can. I am very sympathetic to him and, to be honest, I don't think there is a safety and soundness problem in his institution. I think he is properly trained as a banker, so that he can handle commercial loans in a credit union atmosphere and do very well.

But the public policy issue that we have to decide here on this floor is, do we want credit unions in that kind of business in a major way? The 12.25 percent limit in the bill that came out of the committee answers that question, ''Yes.'' That is a fairly major involvement for credit unions. And we run the risk of having those who are not equipped with former commercial bankers, like the man who talked with me, going up to that limit and endangering the savings and the assets of their other members.

One of the aspects of the amendment that is before us to which credit union representatives object says that, if you are going to make commercial loans, you have to have someone in your organization who has at least 2 years of business lending experience—in other words, someone like the man who came to see me while I was back in Utah, who clearly had plenty of years' experience.

Again, I am interested that credit union representatives object to this requirement at the same time they insist they are not in the business of making commercial loans. You cannot have it both ways. If, indeed, you want to get in commercial lending in a big way, you ought to have the requirement that you have someone with experience in commercial lending in a big way. You can't say, ''We want a higher limit for the amount of commercial lending we can do, but we want no requirement that we have anybody around who understands commercial lending.'' This is a recipe for the kind of thing that the Senator from Nebraska has described as already happening in some States.

So, I come back to the basic issue before us: What should be the proper public policy role of credit unions in the financial services mix? I believe credit unions have earned an honored place in that mix. I believe they have demonstrated for the last 60 years that they provide a vital function and that they should be encouraged to continue that vital function, and, indeed, in that function they should be encouraged to grow, and we should create a circumstance in which they can grow and prosper. I believe that this bill does that.

But the policy question is, Should we as a Congress, while fixing the problems created by the Supreme Court decision, at the same time encourage them to grow in a field where, by their own statements and admissions, they have not been in the past? Should we use this bill setting aside a Supreme Court decision as the vehicle to encourage new ventures on the part of credit unions that are ill equipped for those ventures? I think the answer is no, we should not. And, therefore, after studying the matter between markup and the full committee and the floor, I join with Senator HAGEL in saying the limit level should be lower rather than higher with respect to the amount of involvement credit unions should have in commercial lending.

I don't understand why they object to the lower level, because they themselves tell me, ''We are not interested in commercial lending. That is not our bread and butter. That is not our area of expertise. That is not what we are doing.''

And then I say, ''Then why do you object if we put a situation in place that keeps you in your traditional area?''

Finally, I share this one last thought with you, Mr. President. With respect to how important this amendment is to credit unions, in the May 29 National Journal's Congress Daily, the NAFCU vice president, Pat Keefe, is quoted as saying, ''From our point of view, this is not major.''

Mr. Keefe was referring to an amendment that would have imposed tighter restrictions than the one we are talking about. I think he speaks for the vast majority of credit union members who have been in touch with my offices. This is not major for them. I think it is significant for the community banks. I think it is a responsible decision for us to take.

Let me make it clear, if we do not agree to this amendment, I will still support the bill, as I did in the committee, where it had a limit at 12.25 percent. Just because I think the 7 percent is more prudent does not mean that I think this is a deal killer. So, in that sense I guess I am signaling, ''This is not major.'' But, to me, it is major because it is a demonstration of where the public policy ought to be with respect to the thrust and main direction of the credit union movement. They think it is not major. To me, it is. I hope we agree to this amendment.

I yield the floor.

The PRESIDING OFFICER. The distinguished Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I rise in strong opposition to the amendment submitted by the Senator from Nebraska.

I don't believe that the Senator intends to hurt the credit unions, but I think an unintended consequence of his amendment will impose some very real burdens, burdens on 4,000-plus credit unions, the small mom-and-pop credit unions, by including in that cap those loans that are made for $50,000 and under. And, indeed, they are made to the members who want to start businesses, who have an idea, and they believe, given sufficient capital, they can go out there and take an entrepreneurial idea, or maybe they have been working for someone and want to start that business with a small loan. Who better to know and judge than a fellow member? Indeed, it requires a burden as it relates to the kind of people who will now have to be utilized to make that loan. That is a burden. Are we now going to be getting in there, micromanaging the small, well-capitalized credit union with better than 7 percent, 8 percent, 9 percent? I think that this will have an unintended consequence. I know it will. I have heard from people inside credit unions. They have told me.

Now, Mr. President, people will ask, how do we get to 7 percent? And, by the way, how did we get to 12.25 percent? Those are interesting questions. Who determines where a credit union s business lending should or shouldn't stop?

Let's start with the history of this provision.

There was no limitation, Mr. President, none whatsoever, prior to the markup. There wasn t any in H.R. 1151. We approached this in the best way we could. There were no risk-based standards. For the first time we set them up, and we say 7 percent for well-capitalized. That was never intended to be the criterion—to say, ''Therefore, you can only make commercial loans up to 7 percent.''

To take one application when we, for the first time in the history of the credit union movement, say, ''Well-capitalized, 7 percent; adequate capital, 6 percent; and, by the way, if you go under that 6 percent, you can't make any commercial loans,'' I think that is a tremendous step, because we recognize we can't do business as usual. We want to protect the taxpayer, and that is exactly what we did.

We came up with 12.25 because we did not want to create chaos, and we wanted to give those who were involved in commercial loan activity an opportunity to disengage without creating a problem that would be difficult, if not impossible, to handle. By setting that, there will still be a significant number at 12.25 percent. There will be 85 institutions that make 5,400 loans for $250 million, and they will be given 3 years to comply with the cap. So we looked at institutions, and we looked at the numbers of members and we arrived at a number.

The amendment at the desk, in addition to creating a burden that is going to be very difficult for small credit unions to make in terms of who can and can't grant these business loans, it now picks up an additional number of institutions. Mr. President, 177 already exceed the cap. We are talking about well-capitalized institutions that are making loans, have been making loans, and don't have problems, and because we arbitrarily come to 7 percent—and I say ''arbitrarily.'' There is no reason to suggest again that because we deem a bank to be well-capitalized at 7 percent, therefore, we should cap the whole industry at 7 percent. I don't understand it. We will now throw 8,700 of those loans, $360 million, and 177 institutions into an area where they have to begin to disengage to get under this arbitrary number. And it is arbitrary.

We worked with the credit unions for quite a while and with the administration in attempting to come to a number. They weren't happy about our imposing these standards, but we did because it was the right thing to do to protect the taxpayer.

Let me say this to you. Let's look at the totality of this. The unintended consequences of this are going to say, where we have some well-run institutions that are providing their members and their community with these loans and, obviously, there is a need for them, that we are going to preclude them and say, ''Oh, no; just 7 percent.''

Heretofore, we had no limit. I think really we can second-guess everybody and anything, and we can make an appeal to the community bankers: ''We're your best friends, because look what we did.'' Do I really think that is what we should be engaging in? I hope not. Only 13 percent of all of the institutions—that is, 1,551 out of 11,000—make these loans.

Let me leave you with one last thought. If every institution were able to—and I am talking about every credit union, all 11,000, recognizing that only 13 percent make commercial loans—were to be engaged in business lending, the total would come to something under $40 billion nationwide by 11,000 institutions.

Come on, I say to my colleagues, let's be serious. What are we trying to do here? That would be approximately 3 percent of all the commercial loans, $1.1 trillion in commercial loans that are out there.

What are we doing? What are we saying? I think what we are doing is trying to say we are the friend of the community banker, and this is what we are going to do, we are going to be limiting these folks. Instead of saying we have limited, instead of saying this bill does now limit, this bill does have criteria which we never had before, we are going to one-up it, and that is not going to help.

You may say the credit unions will accept this. I have to tell you, we will go to conference, and little does one know what will take place when we get into that conference. I would like to avoid that. I would like to say we have done something that even the Secretary of the Treasury has supported in his letter to Majority Leader LOTT.

Mr. President, 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 TREASURY,
Washington, DC, July 13, 1998.

Hon. TRENT LOTT,
Majority Leader, U.S. Senate,
Washington, DC.

DEAR TRENT: I appreciate your scheduling H.R. 1151, the Credit Union Membership Access Act, for Senate floor action beginning July 17. I am writing to urge expeditious Senate passage of the bill—as approved by the Banking Committee on April 30—without any extraneous amendments.

In revising the statute governing federal credit unions' field of membership, the bill would protect existing credit union members and membership groups, and remove uncertainty created by the Supreme Court's AT&T decision.

The bill's safety and soundness provisions would represent the most significant legislative reform of credit union safety and soundness safeguards since the creation of the National Credit Union Share Insurance Fund in 1970. The bill would institute capital standards for all federally insured credit unions, including a risk-based capital requirement for complex credit unions. It would create a system of prompt corrective action—specifically tailored to credit unions as not-for-profit, member-owned cooperatives. It would also take a series of steps to make the Share Insurance Fund even stronger and more resilient.

These reforms involve little cost or burden to credit unions today, yet they could pay enormous dividends in more difficult times.

The bill rightly reaffirms and reinforces credit unions' mission of serving persons of modest means. Section 204 would require periodic review of each federally insured credit union's record of meeting the needs of such persons within its field of membership. This requirement is flexible, tailored to credit unions, and will impose no unreasonable burden. It rests on the Congressionally mandated mission of credit unions and on the benefits of federal deposit insurance. Such deposit insurance gives credit union members ironclad assurance about the safety of their savings, and thus helps credit unions compete for deposits with larger, more widely known financial institutions (just as it helps community banks and thrifts). Section 204 is particularly appropriate in view of how the bill liberalizes the common bond requirement and thus facilitates credit unions' expansion beyond their core membership groups.

Finally, I would like to comment on the safety and soundness of credit unions' business lending. Credit unions may make business loans only to their members, and cannot make loans to business corporations. Under the National Credit Union Administration's regulations, each business loan must be fully secured with good-quality collateral, the borrower must be personally liable on the loan, and business loans to any one borrower generally cannot exceed 15 percent of the credit union's reserves. Credit unions' business loans have delinquency rates that are comparable to those on commercial loans made by community banks and thrifts, and charge-off (i.e., loss) rates that compare favorably with those of banks and thrifts. We believe that existing safeguards—together with such new statutory protections as the 6 percent capital requirement, the risk-based capital requirement for complex credit unions, and the system of prompt corrective action—represent an adequate response to safety and soundness concerns about credit unions' business lending.

We look forward to working with you and other Senators to secure expeditious passage of a clean bill.

Sincerely,

ROBERT E. RUBIN.

Mr. D'AMATO. The letter is addressed to Senator LOTT, the majority leader, with copies sent to myself and Senator SARBANES, the ranking member. He concludes by saying:

> We believe that existing safeguards—together with such new statutory protections as the 6 percent capital requirement, risk-based capital requirement for complex credit unions, and the system of prompt corrective action—represent an adequate response to the safety and soundness concerns about credit unions' business lending.

Mr. President, I believe the 7 percent will constitute a very real and severe burden and hardship. As I mentioned, 85 credit unions already exceed the cap. It is mischief making. The unintended consequences will not improve the safety and soundness of credit union operations. That is just not the case.

I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Maryland is recognized.

Mr. SARBANES. Mr. President, I will be very brief, but I want to follow on the chairman in expressing my opposition to this amendment. The chairman

just quoted from a letter from Secretary Rubin, but I would like to expand that quotation a bit. In his last paragraph, Secretary Rubin said:

Finally, I would like to comment on the safety and soundness of credit unions' business lending.

So he addressed this very issue.

Credit unions may make business loans only to their members, and cannot make loans to business corporations. Under the National Credit Union Administration's regulations, each business loan must be fully secured with good-quality collateral, the borrower must be personally liable on the loan, and business loans to any one borrower generally cannot exceed 15 percent of the credit union's reserves. Credit unions' business loans have delinquency rates that are comparable to those on commercial loans made by community banks and thrifts, and charge-off (i.e., loss) rates that compare favorably with those of banks and thrifts. We believe that existing safeguards—together with such new statutory protections as the 6 percent capital requirement, the risk-based capital requirement for complex credit unions, and the system of prompt corrective action—represent an adequate response to safety and soundness concerns about credit unions' business lending.

It is important to note, of course, that the Secretary is speaking with the benefit of an 18-month—actually, the distinguished Senator from Utah was the one who put the requirement in in the previous piece of legislation for the Treasury to undertake such a study. That study came in a few months ago and then was available to the Treasury, in terms of making recommendations as we address this legislation, and available, of course, to the Members of the Congress.

The Secretary pointed out in his letter:

The bill's safety and soundness provisions would represent the most significant legislative reform of credit union safety and soundness safeguards since the creation of the National Credit Union Share Insurance Fund in 1970. The bill would institute capital standards for all federally insured credit unions, including a risk-based capital requirement for complex credit unions. It would create a system of prompt corrective action—specifically tailored to credit unions as not-for-profit, member-owned cooperatives. It would also take a series of steps to make the Share Insurance Fund even stronger and more resilient.

These reforms involve little cost or burden to credit unions today, yet they could pay enormous dividends in more difficult times.

Mr. President, I think it is important to note that this legislation, as it came to us in the committee, had no limitations. And under the current law and regulations, there are no limitations. So what the committee is doing here is putting in a limitation where none had heretofore existed. So it is not as though the committee simply ignored the assertions that are now being made. The committee reached a decision and struck a balancing point. And that is what is reflected in the legislation.

But as I said, this does place statutory restrictions on member business loans for the first time. In fact, undercapitalized credit unions would not be permitted to increase their net commercial lending. In fact, the restrictions that are in this legislation are tighter than what now applies under the regulations of the National Credit Union Administration.

These loans can only be made to members, not to an outside business corporation. This is consistent with the credit union's mandate to provide services to members, not a broad array of customers, and in and of itself places a significant constraint on credit union commercial lending overall.

I understand the arguments that are being made. I think the committee reached a reasonable process. The $50,000-loan issue, I think, is an important one in terms of the requirements placed upon credit unions. In fact, it is the NCUA, under its regulations, that determines that the dollar amount of risk is very small, small enough that they have regulations that excluded loans less than $50,000 from being counted as a member business loan.

This is the current state of affairs. There are not all that many such loans. But for some credit unions, it is quite important in terms of their member activities. It also avoids the necessity of trying to separate out what is a commercial loan and what is a business loan.

If you buy a pickup truck and use it for business activities, does that then become a commercial loan? And how would the credit unions have to address those kinds of questions?

I say to my colleagues, recognizing the issue that is being raised by the amendment, I simply say that the committee was not oblivious to this issue. We tried to address it, I think, in a sensible and balanced and forthright way. That is why we have the limitations that are contained in the legislation that is before us.

I urge my colleagues not to alter those limitations and, therefore, to reject this amendment.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER (Mr. SESSIONS). The distinguished Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I appreciate the comments made by the chairman and the ranking member of the committee. They underscore my earlier statement that the issue here is not, should we have a limit on commercial lending, but rather, where should it be and what should its terms be?

I agree with the Senator from Maryland that the committee did, indeed, address this; did come to the conclusion there should be some limits on commercial lending, and reached a compromise position that made it possible for us to unanimously report the bill with this limit in it.

Mr. SARBANES. Would the Senator yield for a moment?

Mr. BENNETT. Yes, I am happy to.

Mr. SARBANES. I want to make the observation that I think there are some of my colleagues who believe there should not be any limits.

Mr. BENNETT. I accept that correction.

Mr. SARBANES. The committee crossed that threshold, as it were, by its decision. And I would reflect that here. I do think there are some of our colleagues in this body that do not think there should be limits. They do not concede the point that the Senator is making.

Mr. BENNETT. I thank the Senator from Maryland. I think he is correct that there are some in the body who do not think there ought to be a limit.

If I could just make one comment, the reason there is no limit now is because the original drafters of the legislation creating credit unions never conceived there would be any commercial lending by credit unions. It reminds me a little of the old story, ''Please Don't Eat the Daisies,'' where the kids said, ''Well, you never told us not to.'' And the mother said, ''It never occurred to me that you would, and therefore, I didn't give you those restrictions in the first place.''

But now it has started. I think the committee has rightly and properly said, we want to keep credit unions focused in the area where they have traditionally been focused, providing the service they have traditionally provided. We are going to allow some commercial lending because they have gotten into that area.

But there is empirical evidence that credit unions can get in trouble with their commercial lending. We want to take advantage of that evidence and put a limit on it. So the question is, Should the limit be 12.25 percent? Should it be 7 percent? And should the $50,000 exemption continue?

I realize in responding to the Senator from Maryland that the $50,000 threshold does put some new unchartered territory on this issue. We do not have as much information as we would like. But I will share with the Senate the information that we do have.

During 1992 and 1993, the NCUA required credit unions to collect information on business loans under the threshold, which at that time was $25,000 rather than $50,000. I think it goes to the issue that the chairman raised about the burden that would be placed on credit unions to deal with this kind of requirement. There has been a period in our history when it was there. The NCUA used its authority to put that requirement in place.

During 1992, the only year for which we have complete information, total business loans both above and below the threshold were 1.62 percent of the total outstanding loans. In other words, once again, the credit unions were saying, by their actions, ''We are not primarily involved in commercial lending.'' Of this 1.62 percent, loans above $25,000 constituted 1.42 percent, with loans under $25,000 constituting the remaining .20 percent.

I think this tells us that the terms of this amendment can be adhered to. I think we have some past experience

that says this will not be a burden and particularly, again, this will not be a burden on the small credit unions who do not do this anyway. All we are really saying to them is we do not want you to do it, we do not want you to get into territory that could cause you difficulty.

The question has been raised, How about buying a pickup truck? Is that a business loan or a personal loan? In the hearings some of the credit union representatives said to me, ''Senator, you have to understand, in a credit union every single commercial loan is backed by the personal guarantee of the individual members of the credit union.'' And I said—and I repeat here on the floor—''I have borrowed a lot of money in my lifetime. I borrowed it from commercial banks. I borrowed it for commercial reasons. And in every single instance, I have had to make a personal guarantee. In every single instance, the bank wanted my personal guarantee. Sometimes they wanted my wife's personal guarantee. Sometimes I had the feeling they wanted the promise of our first-born child if we didn't produce—even though this was a business loan—the repayment appropriately.''

So the credit unions are not giving us anything specifically different when they say these are loans only made to members, and they have the members' personal guarantee. That is standard business practice everywhere across the board.

As I said before, for me, this is a public policy debate of, what is it we are trying to do in terms of shaping the direction of the financial services industry?

As I have said many times before, the financial services industry regulatory framework was created at a time when everybody knew where they were—credit unions were a very specific niche. They knew what they did. Commercial banks were a very specific niche. They knew what they did. The same is true of insurance companies and stockbrokers and savings and loans. Everybody had a clear understanding and nobody competed across those lines.

Today, the competition runs across lines everywhere—insurance companies hand out checkbooks. I told a story before when my father died, we notified the life insurance company of his death and awaited a check of the face value of his insurance policy. Instead, we got a checkbook with a notice saying, ''This money has been deposited in this account as of the date of your husband's death''—it was addressed to my mother—''Here is a checkbook. You may write checks on that account and interest will accrue from the date of your husband's death.'' In other words, don't be in a big hurry to take your money away from the insurance company; use it as you would a checking account.

When I purchased some stocks in one situation and I wanted to redeem those stocks under the old regulatory pattern that I was familiar with, I had to go down to the broker and the broker would give me a check. ''No, no, no, no, no,'' the broker says, ''we will give you a checkbook and you can write checks up to the value of your margin account against the margin value of your stocks''—clearly crossing the lines between banks, brokers, and insurance companies and so on.

Now, we are beginning to say we have to create a new regulatory structure for the new reality of the financial services world. We recognize that everybody is in everybody else's business. All we are debating here on this floor is to what degree do we want credit unions to get out of their traditional business into the commercial lending business. I am not sure that says they should make no commercial loans. I think that is appropriate, particularly for the larger and more stable institutions to which the chairman has referred. But as a matter of policy, I think we are saying, I hope we are saying in this amendment, we want credit unions to stay where they have been traditionally.

If we say, ''No, the credit unions should get into commercial lending in a big way,'' then at some point we are going to have to address the issue of taxation. We have not done that in this bill. We should not do that in this bill. It would not be appropriate in this bill. But as a public policy matter, if credit unions are going to get into commercial lending in a major way, the Congress is going to have to address the reality of the tax subsidy that they currently enjoy. I would just as soon avoid that question for awhile. I think keeping the credit unions in a more limited area of commercial lending will help us do that.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Let me address something here. Let's put this in perspective. For the first time, this committee has limited, limited severely—there were no limits before now—when you said you can't do more than 12¼ percent of your assets. If every institution were to do that—which they are not and no one says they are, not even the proponents of this legislation claim that they are going to be doing this—you still would amount to less than 3 percent of all of the commercial loans, if every credit union maximized its commercial loan potential, and they are not doing that. There is no effort to do so.

To come in and arbitrarily say, ''No, no, now we will take a limit''—you place a limit of 12¼ percent—''but this is not good enough, so we will lower to 7. In addition, now we will take the small loans that 5,000 of these institutions make and we will require you to have a person with 2 years' business lending experience on staff to make even the smallest of loans.''

I wonder if my friend knows that is one of the provisions in this amendment.

Now, let's take a look—you will hear that this lending cap is to ''Save the taxpayer.'' That is hokum. If you took all of the ''chargeoffs'' on bad loans, it is .23 percent from commercial banks. And guess what? Credit unions are at .19 percent.

Again, we are for the first time imposing strict standards that credit unions never had before. Now my gosh, if we came with the same bill that the House put here, then I would be here to join my colleague in saying: ''No, we need to make sure that they are well capitalized. No, we will not let banks that are not adequately capitalized and that are in trouble make loans. No, we are going to see to it that you have the kind of loan offices that commercial banks have.''

Why do we want to weight this down? How many angels on the head of a pin? That is the type of debate we are having. Should it be 7 percent? Well, why did we come up with 12¼? Because there would be some disruption, but credit unions could handle it. Now we want to go in and create a situation where you will have 177 credit unions that now make 8,700 loans, $360 million, and they will have to begin to disengage. Will some of the commercial banks like that? Sure, sure they will.

Let's understand what this will do. Some of the small bankers, you can go back and say, ''Look what we did, we got them out of the business.'' That is what it comes down to. I just suggest, if the Senator's amendment is serious, why not go to 6 percent or 5 percent?

What about the tax issue? I have heard more mutterings about that. There is a genuine effort because people don't like the competition. In some cases they perceive it as unfair, and, indeed, where a small community bank is paying taxes and he is side by side with a local credit union that is every bit as large and they are doing a good job and they are not paying taxes, I understand and I feel for that person.

I am cosponsoring the legislation offered by our good friend from Colorado, Senator ALLARD, who has introduced a way to begin to help some of the banks. Maybe we have to look at other ways in which we can help community banks. But let's not unfairly go from where we had no cap whatever with a good-faith effort, working with the administration, working with the National Credit Union, working with the credit unions themselves. We came to 12¼ percent and somebody says, ''No, we can do better; we will make it 7 percent.'' There is no rationale, no tie-in, to the amount of the commercial loans. If you had a staggering loss coming from commercial loans, I would say yes, do it. There is no evidence of it. The record does not support that. So why are we doing it?

I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Mr. President, may I respond to my friend and chairman. He made some good points, legitimate

questions, as did the ranking member of the Senate Banking Committee.

Let me first assure my friend from New York what this amendment is about. It is not about mischief-making. It is not about burdening credit unions. It is about things like open, honest accounting. I just don't understand why anyone would reject or object to a clear understanding of what the commercial loan portfolio is for any credit union. Why would you object to taking any loan, a commercial loan, under $50,000, and putting it in an appropriate accounting category in a portfolio? It is not about burdening the accounting process. It is about open, honest accounting.

When my friend talks about burdening these small credit unions by forcing them to bring in professionals who have had a minimum of 2 years in commercial lending, you mention my amendment, did I understand my amendment. I understand it, I think, fairly well, and I will read you from what we say in here. We talk about the NCUA's general counsel position on this, as has stated that the requirement that we put in this amendment could be met by hiring contract assistants on a case-by-case basis. Now, this should be, like any financial institution, about solid accounting. I don't know of anybody who doesn't agree with that or who would not want that, so that the members of a credit union know exactly how large the commercial portfolio is of the credit union they belong to.

There are a couple of other things I want to address, including the issue of large credit unions who would have to scale back within a month or two, or would have to cash in their loans. I read, Mr. President, from the Banking Committee document here on page 10 of the report. It talks about the four exemptions; the four exemptions are pretty clear. You know about these: ''Loans for such purposes as agriculture, self-employment, small business, large up-front investment, maintenance. . . .'' And it goes on and on. These are all areas that are exempt from my amendment.

Let's also talk about what this bill is doing and what the House bill did in response to the Supreme Court decision. We now, in effect, have no common bond anymore at all. There is no common bond at all. Now, if there is no common bond left in the credit union policy philosophy—getting somewhat to what my colleague and friend from Utah has been talking about—then is it not appropriate to probe somewhat, saying, well, if we all want to live with the 1934, 1937 statute that says no taxes, but also no common bond, and no this, no that—I am not sure that is a very wise thing to do.

If we are going to have some changes—and markets change and the financial service industry is dynamic, as demands change, needs change, supply changes—then it is appropriate to focus on some of these areas I believe we have focused on. The chairman is right. His mark that came out of committee was much better, much more responsible, much more accountable than the House version. He is exactly right.

What Senator BENNETT and I and others are saying is that we need to continue to focus on some of these areas of great concern, because when you open up credit unions to where they are now going to be opened up, where there is absolutely no common bond, and then you say, well, you can go forward and lend commercially, yet, don't bother us with the facts, we are not going to count any commercial loan less than $50,000, and we really don't have a good accounting as to how much is in the commercial loan portfolio, then I am not sure how accountable and responsible that is.

So those are just a couple of items that I wanted to address. These are important issues. These are important questions. This is an important issue. With that, I appreciate an opportunity to further explain some of the dynamics of our amendment.

I yield the floor.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I will make just one comment on the statement of my friend, the chairman of the committee. I agree with him absolutely that there are no massive failures. We do have the one example that occurred in the State of Rhode Island, and it is reflected in the additional views of Senator REED of Rhode Island when he wrote, with respect to the bill that came out of the committee, that he was concerned that the cap adopted by the committee is higher than the level of commercial lending that credit unions are currently engaged in, and he is concerned that it might lead to a repeat of the problems they had in Rhode Island.

I agree completely with the Senator from New York that we do not face a crisis here. My support of the amendment stems from my conviction that the amendment would help us avoid a crisis in the future. The amendment would establish a cap that is above the level of activity that is currently going on, with the exception of a very few major credit unions who have 3 years in which to work things out. It would establish a cap above where things currently are, allowing people plenty of room to round off their present activity. But it would send the public policy message that says: We want credit unions to remain in their traditional niche in the financial services area. And it is for that reason that I have decided to support this amendment, because that is where I want credit unions to remain.

As I said earlier in my statement, all of the people who call me to talk about this bill insist that credit unions don't make commercial loans now. These are the members of the credit unions who are calling in who are unaware of the fact that their credit unions are making commercial loans. Therefore, I can't understand why they get upset when we say we are putting in a limit. It is not arbitrary in the sense that it is a limit above current levels; it is a limit above where people are currently operating and is simply sending the message that we don't want the current situation to change. That, after all, is the primary purpose of this bill.

Without this bill, the Supreme Court changes the current situation and changes it drastically. The bill is crafted to say: No, we don't want to change; we want the present situation with respect to credit unions to be protected. Therefore, we are going to pass a bill that will change the law to protect where we are. Our amendment simply says, with respect to commercial lending and the levels of commercial lending, we will protect where we are.

Now, I recognize there are those who disagree. I recognize that the committee decided to put the cap at a slightly higher level than one that would protect where we are, that would allow some growth from where we are in commercial lending. I don't think the Republic will fall if we allow that growth to occur. But I do think that if the thrust of this legislation is to keep in place the current situation of credit unions, our amendment is the logical way to keep in place the current situation with respect to commercial loans.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I don't think it is altogether accurate to say that the current bill seeks only to keep in place the exact current situation. As the Treasury pointed out in a letter from Secretary Rubin to the leadership, ''The bill's safety and soundness provisions would represent the most significant legislative reform of credit union safety and soundness safeguards since the creation of the National Credit Union Share Insurance Fund in 1970.'' So that, in effect, we made very substantial changes on the safety and soundness issue, and the Treasury Secretary later in his letter, when he was discussing the very issue of the safety and soundness of credit unions business lending, came back and made reference to these changes: ''. . . the risk-based capital requirement for complex credit unions, and the system of prompt corrective action—represent an adequate response to safety and soundness concerns about credit unions' business lending.''

So we did, in effect, make some significant changes on the safety and soundness issue. The Treasury has referenced those changes in analyzing the question of credit unions' business lending and thereby reached its conclusion that that did not pose a safety and soundness issue.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I agree with the Senator from Maryland that

the bill does represent a significant step forward in the regulatory framework with credit unions. I think his clarifying remarks are correct and welcome.

The point I was making, which I think is still a valid one, is from the standpoint of the consumer, from the standpoint of the credit union member. The great angst on the part of credit union members, when the Supreme Court decision came down, was reflected in their visits with me repeatedly in my office. It was that: We are going to lose everything we have and you must pass this bill to protect what we have.

I heard that over and over again in town meetings throughout the State of Utah, and over and over from people who called. From the standpoint of the credit union member, they are pleading for legislation that says: Let us keep what we have. Do not allow this decision to take away from us that which we have come to enjoy and get benefit from.

My reference was to the reaction on the part of the consumer and the credit union member rather than on the part of the regulator.

I think what we have done in the committee does that and, at the same time, as the Senator from Maryland points out, creates some stability for the credit union situation that was not there prior to this act.

Mr. SARBANES. Mr. President, very briefly, if we were seeking to leave the consumer or the user of the credit union exactly in the posture in which they now find themselves prior to the Supreme Court decision, we would have no limitation on credit union business lending, because that was the existing state of affairs.

So in that sense, the problem of an issue was raised. There was an effort to respond to that problem. But if one is to use the argument that all we should do in this legislation is to return to the status quo—that that is the whole purpose of the legislation—then we have no limitation, because the status quo was without limitation.

Mr. BENNETT. Mr. President, the Senator is once again correct in terms of the regulatory situation that existed. I am talking about the market situation that existed, and our amendment would not change the market situation. It would not change the amount of commercial lending the credit unions are doing.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I would like to speak on behalf of the Hagel amendment, because I, too, am very concerned about the safety and soundness of our nation s credit unions.

Mr. President, I was State treasurer of Texas and dealt with banks and certainly credit unions, as well as other kinds of financial institutions.

I think the banking system that we have, while it could use some improvement—and perhaps there is going to be legislation in the future that is going to have a few more areas of deregulation—nevertheless, I think the banking system that has niches for the different banking institutions and the balancing of those niches has served us well.

I think the credit unions have particularly been a breath of fresh air in our banking system, because they have been able to offer something that banks and savings and loan associations and other finance institutions have not been able to offer. They have had unique characteristics in that they have been member-owned and member-operated institutions.

Credit unions do not operate for profit and, therefore, do not pay taxes. Credit unions have limitations on their membership, generally based on affinity among the members. They rely on volunteer boards of directors that come from their membership. They have been able, because of the lack of taxes and because of this affinity, to give great services to their members. They have been able to offer mortgages, automobile loans, and personal loans that have been very favorable to their members. And they have served a terrific purpose.

I want credit unions to stay strong in order to continue giving these kinds of services to their members. We are expanding the types of membership they can have. It is certainly going to be a bigger arena. But, nevertheless, I don't think we should take that next step into allowing a risky commercial loan portfolio without the requisite reserves that are required by banks and which I think are important for safety and soundness.

The Hagel amendment limits commercial loan activity to 7 percent of assets. That is what the bill requires for the reserves for a well financed and strong credit union. We want to make sure that the deposits of credit union members are not put more at risk than the reserves that are required to be kept, particularly when you get into commercial lending, which is much more risky than the home mortgages and automobile loans and the personal loans that credit unions have made.

I remember what happened when Congress started trying to eliminate the differences among the financial institutions. And that is what caused the S&L crisis. We had S&Ls going into real estate lending without the requisite reserves. All of us paid a heavy price for that. I do not want to jeopardize the strength of our credit union.

I hope that when we pass this amendment, if we pass this amendment, it will provide for the strengthening of the credit union. I will support this bill. I think it is a wonderful bill in many respects, because it is going to give more people more access to credit unions. But I think we have to make sure, as we do it, that we protect the safety and soundness of the deposit of credit union members, as well as the credit union industry itself.

The last thing I want is to come back here at the end of my next term and have to look at a credit union crisis because we didn't take the very cautious step of requiring this same reserve requirement as the limit on commercial loans.

That is it in a nutshell.

I think the fact that Senator HAGEL's amendment matches the reserves with the amount of commercial loans that will be available is a very correct decision. It is the right thing to do. It will keep the safety and soundness of credit unions, and it will allow more people to have access to those commercial loans, as well as access to the credit unions in general. But mainly we want to make sure that everyone is protected and that we don't run into any trouble in the future.

I hope very much that we will pass this bill. I hope we will pass the Hagel amendment so that we have a win all the way around—giving more access to more people to join the credit union; giving more people access to the lower interest home mortgages, car loans, personal loans, but making sure that we protect those deposits so that the credit unions will be able to continue to give a little bit higher rate of interest to those that it is paying; and so that the deposits will be safe; so that the credit union itself will be safe; so that we will not have to face a financial crisis in the future that Congress would have to address with taxpayer dollars as we have seen with the S&L crisis.

I thank Senator HAGEL and the others for their leadership. I think this is a good, sound move. I hope we can pass this amendment and then pass the bill that will create bigger and better credit unions in our country.

Thank you, Mr. President.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, let me address something, because the more you get into this, you begin to learn.

Soundness and safety: It is an issue that we are all concerned about, because we have been here. We have gone through this. And we have seen some extraordinary situations, which cost the taxpayers. That is why the committee, the ranking member, and the Republicans and Democrats working together, said we have a structure for the first time of provisions that will address that—we have done that—risk-based capital, based upon soundly capitalized institutions—6 percent for some, and 7 percent for the others—and giving to the administration the ability to close these places down.

Now, look, when we start talking about commercial loans posing a problem historically and looking at where we are today, they haven't. That is a canard. Indeed, if we take a look and see what it constitutes in terms of their total portfolios, it is under 2 percent. All of their loans are under 2 percent without any limitation.

So let me suggest to you, I think when we come in and say we are going to limit business lending no matter what, we are saying to each credit union, those that do—forget about the thousands that don't—under no circumstances are you going to go up over 12.25. To say that safety and soundness is going to be protected because somehow we are limiting commercial loans, that doesn't square up with the facts. It just does not. If, indeed, the credit union commercial loan failure rate has been less than those same loans made by commercial banks, how can you say that limiting this activity will provide greater safety and soundness?

That is the record. The failure rate has been less from credit unions than it has from commercial banks in commercial lending, and they loan less, including the loans for under $50,000. And why are we opposed to counting those loans for less than $50,000? I will tell you why. Because you are going to keep honest people honest. Maybe I shouldn't say this because the guy who is the entrepreneur who wants that loan will come to his credit union. OK, they say it is a commercial loan, and you are going to begin getting into businesses or classifying whether it is personal or whether it is commercial. So they said, look, up to $50,000, we know the people; they are dealing within the institution. It is a member. We are not going to get into the business of classifying whether it is commercial or not. We are going to say, presumptively, any loan up to $50,000 gets an exemption. We don't go through this business of having to classify these loans then have staff making loans meet certain experience levels which this amendment does.

The present situation is that for making those business loans over $50,000, you must have 2 years of lending experience.

Now, why did the National Credit Union Administration do that? Because they recognized the need as credit unions got into loans of higher cost and more exposure. It is prudent to have somebody on staff who has that experience. That is why they did it.

Now the consequence of this amendment will be a burden where credit unions are going to have to hire loan officers to make small, commercial loans of $25,000, $20,000, $15,000, or $30,000. Do you really think that this isn't going to have an adverse impact on the small credit union that would have to do this? Heretofore, small business loans were on the basis of knowing that member, knowing that he or she has a good record, knowing that there is a good business investment opportunity.

Now, look, in addition to that, we have tightened those standards and said credit unions can't even make business loans unless they hit certain criteria of capital. We didn't have any capital standards before. Yet, I think when one says this is safety and soundness, it is not. The record doesn't indicate that.

What it is—and I respect those who say we want to limit their ability to develop this business and say under no circumstances will it be more than what your capital is—that is what it is doing. It is limiting the ability of credit unions to involve themselves in commercial lending.

I think including the $50,000 loans will be going too far. That is why the credit union people and people who represent small businesses urge that we not support this amendment because what it will do is make it harder to get loans. I have a letter from the Small Business Survival Committee. I am going to ask it be made a part of the record. The American Small Business Association similarly asked us not to restrict the availability of commercial credit any further.

Times are booming today, but they may not always be booming. Then where do people go? Now you can go to your local bank, and they seem to have plenty of money to go around. What happens when things tighten up? Then we are going to make it difficult, if not impossible, for people who would have had the ability, if necessary, to go to their credit unions and to get maybe that $25,000 small business loan.

I ask unanimous consent these two letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SMALL BUSINESS SURVIVAL COMMITTEE,
Washington, DC, July 20, 1998.

DEAR GOP SENATOR: The Small Business Survival Committee (SBSC) continues to strongly urge the Senate to fully support the Credit Union Membership Access Act, H.R. 1151. Every day, over a thousand Americans are turned away from credit union membership because of the Supreme Court ruling which nullified President Reagan's modification of the 1934 Federal Credit Union Act. A large proportion of these individuals are workers in small businesses who find themselves locked out by the outdated and arbitrary ''common bond'' requirement. It only makes sense that federal laws written in 1934 be reformed for our modern economy.

However, placing restrictions on ''member business loans,'' as supported by the banking industry, only serves to impede the growth of the small business sector. SBSC will key vote any amendments on the Senate floor which further restrict access to capital through new regulations on member business loans. A vote for these restrictions is a vote against small business.

The banking industry has invested great quantities of its time and resources lobbying for more taxes and regulations on credit unions. Rather than lobbying to restrict what they traditionally do not do themselves (provide loans for small businesses), a more productive approach may be to advocate lifting arcane and unnecessary laws on themselves—particularly for the survival of small community banks.

In the area of member business loans, SBSC urges the Senate to emulate House language which studies the issue for a year to determine what, if any, action is needed. Inadvertently denying capital to plumbers, farmers, churches, and down-sized credit union members who wish to start a business are not the type of credit union reforms that should be advanced by a pro-small business, pro-family Congress.

SBSC urges the Senate to send the Credit Union Membership Access Act, as passed out of the Senate Banking Committee, to the President for signing without restrictive amendments. Thank you for taking SBSC's views into account.

Sincerely,

KAREN KERRIGAN,
President.

AMERICAN SMALL BUSINESSES ASSOCIATION,
Washington, DC, April 28, 1998.

Hon. ALFONSE M. D'AMATO,
U.S. Senate,
Washington, DC.

DEAR CHAIRMAN D'AMATO: Protecting the rights of small businesses remains a fundamental priority of the American Small Business Association (ASBA). In this regard, on behalf of America's small businesses we ask for your support and immediate consideration of the Credit Union Membership Access Act.

Prompted by the February 1998, Supreme Court decision to limit the expansion of federal credit unions, the U.S. House of Representatives overwhelmingly approved (411–8) the Credit Union Membership Access Act (H.R. 1151) on April 1, 1998. If enacted by the Senate, this legislation would allow federal credit unions to derive their membership from a variety of occupations. This is essential to small business. These organizations count on the presence of multi-group credit unions to keep rates and loan fees affordable and competitive and to provide access to capital many would otherwise be without.

According to the Small Business Administration (SBA), small business employees constitute more than 52 percent of the private sector workforce. Generally defined as organizations having fewer than 500 people, SBA further reports that 99.7 percent of all businesses fall into this category. In fact, they represent the largest and fastest growing portion of the economy in the United States. Multiple-group credit unions ensure the availability of financial services to these organizations and to many low-income residents. They are member-owned, not-for-profit cooperatives which encourage savings and investment in those who might otherwise not consider it an option. Should the Senate not pass the Credit Union Membership Access Act, the Supreme Court ruling will immediately limit access for these individuals.

The Credit Union Membership Access Act is pro-consumer and pro-competition. It preserves the right to choose for millions of Americans and ensures that small businesses will have the ability to offer their employees the same benefits already available to those in the largest of corporations. On behalf of America's small businesses, we ask for your immediate consideration and support of this important legislation.

Sincerely,

BLAIR CHILDS,
Legislative Director.

Mr. D'AMATO. I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. I just want to again reiterate on the safety and soundness issue that the Department of the Treasury was charged by the Congress in the Economic Growth and Paperwork Reduction Act of 1996 to undertake a major study of credit unions, and the Department did that. This is the report from the Treasury Department which was submitted to us on December 11 of 1997. So they took some 15 months to do it.

In his letter to the leadership, Secretary Rubin underscored that the safety and soundness provisions in this bill, which in effect largely track what the Secretary recommended, were the most significant legislative reform of credit union safety and soundness safeguards since the creation of the National Credit Union Share Insurance Fund in 1970 and went on then to find that the business lending provisions posed no difficulty, that they represented an adequate response to safety and soundness concerns about credit unions' business lending.

I won't take a back seat to anyone in my concern about safety and soundness, but I think that has been addressed in this legislation. The Treasury, which did this extensive study and made these quite broad recommendations, took a look at the bill and has concluded that the bill represents a very major and significant legislative reform of credit union safety and soundness safeguards, and in light of those provisions that are in the bill thought that they were adequate to any concerns with respect to safety and soundness about credit unions' business lending.

We have the people who did this comprehensive study—they took 15 months—make their recommendations, some of which were quite significant. The committee responded to that, and in the light of what the committee has done, the Treasury has taken the official position that concerns about credit union business lending have been addressed adequately in this legislation.

Mr. ENZI. Mr. President, I rise in support of the amendment that is sponsored by the Senator from Nebraska. I support this amendment which would place limitations on the amount of commercial lending by credit unions. I am concerned that if the credit unions concentrate on commercial loans, they will lose their current individual customer focus. They may lose the special identity that separates them from banks and thrifts. I fear that if the special identity of the credit union is lost, Congress may feel the need to treat them identically to banks and thrifts. That could lead to levying taxes on credit unions.

Currently, credit unions are tax exempt because they are considered cooperatives. In order for a credit union to effectively serve its members, particularly in light of H.R. 1151, which has the potential to greatly increase the membership of the credit unions, it should concentrate on consumer lending. This will encourage it to maintain focus on its member owners. Money loaned to businesses isn't available for consumer lending, meaning that there will be fewer mortgages, car loans and other forms of consumer credit for the members.

I am particularly pleased that this amendment also includes the deletion of the exemption of a loan less than $50,000 from being defined as a member business loan. As an accountant, I am concerned about the consequences of not requiring full and complete disclosure of lending by credit unions. I place great emphasis and value on the accuracy of financial institutions' records. I have asked several credit unions how much commercial lending they engage in now, and none have been able to state precisely the amount because of this strange exemption that currently exists in the regulations. This causes me great concern, because the most stringent safety and soundness provisions are ineffective if accurate records and accurate recordkeeping practices do not exist. I feel it is of utmost importance to require that all member business loans be designated as such, not just those above $50,000. Markets and financial institutions perform best when there is transparency and accuracy of information. We have seen the consequences of that not being available.

The United States has become the model for financial markets, in part because of the transparent accounting methods that are required of financial institutions and publicly traded companies. I believe credit unions should also be obligated to be transparent in their loan activities. It is only common sense to delete this exemption for commercial loans less than $50,000. There is absolutely no reason for inaccurate accounting.

In conclusion, this amendment will require credit unions to remain focused on consumer lending. Credit unions were intended to serve the basic needs of families and individuals since the Federal Credit Union Act in the 1930s. This amendment will help credit unions remain unique institutions, setting them apart from other financial service providers.

I believe a vote for this amendment is a vote for credit union members. I yield the floor.

Mr. REED. Mr. President, I rise to express my views on credit union commercial lending, as well as my support for the motion to table the Hagel amendment.

Mr. President, I generally support the ability of credit unions to engage in commercial lending. Indeed, I am aware that for many members, credit union loans are the only available sources of capital for business investment. Also, when considering banking industry consolidation and the potentially adverse implications to small business lending, I believe that commercial lending by credit unions has an important role.

However, Mr. President, commercial lending can significantly increase the risk profile of credit unions. This is evidenced by recent National Credit Union Administration (NCUA) data which illustrates that the delinquency rate on credit union business loans—3.1 percent—is more than three times the delinquency rate on credit unions' overall loan portfolio—0.97 percent.

More importantly, in 1991, my home state of Rhode Island experienced a credit union crisis that resulted from the failure of a state-chartered private deposit insurance corporation. This crisis affected one in five citizens and was predicated in part on excessive and risky commercial lending by privately-insured credit unions. Indeed, 13 of the state's credit unions were permanently closed, and the state had to seek federal assistance to repay depositors.

In view of these facts, I was pleased that the Banking Committee adopted an amendment to limit commercial lending by credit unions to 12.25 percent of outstanding loans. However, Mr. President, as reflected in my additional views to the Committee Report to H.R. 1151, I do not think this cap goes far enough. Specifically, I have argued that the cap is inadequate because it is significantly higher than the level of commercial lending that credit unions are currently engaged in—0.75 percent of outstanding loans. I have also argued that because loans under $50,000 are counted toward the 12.25 percent cap, credit unions could engage in commercial lending to a much greater extent than the limit imposed in the bill.

In response to concerns over commercial lending, Senators HAGEL and BENNETT have introduced this amendment to limit commercial lending to seven percent of outstanding loans. In addition, the amendment would count loans under $50,000 toward the cap and codify NCUA requirements that loan officers have at least two years of commercial lending experience. I would like to commend Senators HAGEL and BENNETT for their recognition of this issue and their attempt to address commercial lending concerns.

However, I believe the Hagel amendment goes too far. My specific concern is that it both significantly reduces the commercial lending cap, while also eliminating the $50,000 exemption. Taken together, these provisions could impose undue burdens on credit unions with outstanding commercial loans.

Because loans under $50,000 are not considered ''commercial'' under current regulations, the NCUA does not keep data on these loans. As a result, we simply do not know what percentage of outstanding loans would be characterized as ''commercial'' under the Hagel amendment. Thus it is possible, and likely, that the percentage of commercial loans could increase dramatically if this amendment were passed, which could put many credit unions that would otherwise satisfy a seven percent cap in violation of the amendment, forcing them to withdraw from commercial lending.

As I indicated in our Committee's report, I believe the cap should bear a reasonable relationship to the amount of commercial lending that credit unions are currently engaged in. To the extent that the Hagel amendment creates uncertainty regarding existing commercial lending, we must be careful not to establish an overly-restrictive cap. While I expressed concerns

about the $50,000 exemption in my additional views, those concerns were tied to the higher lending cap of 12.25 percent.

Mr. President, a preferred approach to the Hagel amendment would be to reduce the aggregate lending cap, while retaining the $50,000 exemption. This approach would eliminate the uncertainty associated with the Hagel amendment, while establishing a meaningful limit on the future expansion of commercial lending.

Mr. MACK addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MACK. Mr. President, I rise today to speak on the pending legislation, H.R. 1151, the Credit Union Membership Access Act. My comments will be addressed to the overall bill as well as the individual amendments that have been offered or will be offered.

On May 11, 1933, during the 73rd Congress, the Federal Credit Union Act was introduced. I have an interesting connection to this legislation. The Federal Credit Union Act was introduced by Senator Morris Sheppard of Texas. Senator Sheppard was my grandfather. I happen to be standing at the desk that he used while he was in the Senate.

The impetus for Federal legislation was the fact that in 1933, commercial banks had little interest in consumer lending. Simply stated, the small borrower was not a desired customer of commercial banks 65 years ago. Additionally, America was a country comprised of very large employers. It made sense for these large groups of individuals with a common bond, to join together to form credit unions to meet their credit needs. So back in the 1930s, when credit unions were formed, credit union members were typically groups of city workers, postal employees, and employees of the telephone company.

Over the next 60 years, however, we saw the number of large companies decline, and today, most people work for very small companies. In fact, in my state of Florida, 99% of all businesses have less than 1000 employees. Additionally, 97% of all companies in Florida employ fewer than 100 people.

Since 1933, when my grandfather introduced the Federal Credit Union Act, the world has fundamentally changed. The credit unions of today are different from those of times past.

I might also add, so are commercial banks. Today, commercial banks aggressively try to entice individuals of all incomes to do business with their financial institutions. They have aggressively reached out to consumers. To make my point, all one has to do is look at the mail you receive and realize how many credit card applications you have received. There is an aggressive outreach on the part of commercial banks to be engaged in lending to the average consumer today.

The credit unions of today are different from those of times past.

Now there are multibillion-dollar credit unions that in many cases dwarf the size of thousands of commercial banks and thrifts. Some of these multibillion dollar credit unions have hundreds of employee groups and are located in multiple States. In many of these instances, these large credit unions cannot be differentiated from commercial banks—they offer home equity loans, have large credit card portfolios, loan money to small businesses, offer safe deposit boxes, and sell mutual funds. In fact, a credit union in Alaska even serves as a Federal Reserve depository.

Mr. President, Congress has always supported credit unions. I, too, strongly believe there is a role for credit unions. By trying to improve this bill, no one, including me, is attempting to eliminate the credit union charter.

Small, community based credit unions are vital to our communities because they provide individuals access to credit. Credit unions have played a very important role in extending credit to people who need financial help.

However, in spite of my support of the credit union charter, I remain troubled by several provisions in the Senate Banking Committee passed bill that is before us today. I must admit, the bill we are debating today is far better than the bill the Senate Banking Committee received from the House. With the addition of caps on commercial lending and by including the Department of Treasury's prompt corrective action language, we will be able to ensure the safety and soundness of the healthy Credit Union Share Insurance Fund. I am pleased with this progress, but much more progress must be made if I am to support this bill in the end.

My overriding apprehension about the pending legislation deals with the issue of fairness. Most credit unions pay their members higher interest rates on checking and savings accounts and offer lower interest rates on mortgages, student loans, and credit cards than most commercial banks. Credit unions on average, charge lower fees and require lower minimum deposits. There is one simple reason for this capacity of credit unions to pay higher rates and charge lower fees: they are exempt from federal income taxes. This is an unfair competitive advantage.

During the Senate Banking Committee's discussion on this bill, the committee adopted a provision that directs the Department of Treasury to conduct a study of the differences between credit unions and other federally insured depository institutions with respect to the enforcement of all financial laws and regulations. Treasury will also compare the impact of all Federal laws, including Federal tax laws, as they are applied to credit unions and other federally insured depository institutions. This study will identify the regulatory and tax advantages credit unions have over banks, and suggest ways Congress can address these differences. This study will be a start, but by no means will it level the playing field. Upon completion of the study, I hope the Senate will hold hearings on how to reduce the inequities which exist among federally insured depository institutions.

As I stated earlier, the Senate bill is far better than the House passed bill, but I still have some real concerns regarding provisions in the legislation. Specifically, my primary problem is the inclusion of language similar to the Community Reinvestment Act (CRA). Imposing the same onerous burdens on credit unions would help to level the playing field; however, I do not support the Community Reinvestment Act as it has evolved, and I oppose subjecting credit unions to these requirements. In fact, I would prefer to see the entire Community Reinvestment Act repealed.

Because of CRA, banks are now often forced to make unsound and risky loans in economically disadvantaged areas. If they do not make these high risk investments, they are accused of discrimination. I strongly believe that most of these allegations are false.

In contrast to banks, credit unions, by their nature, already lend to their members. It is ludicrous to impose CRA on credit unions.

Think about it for a moment. Credit unions were established for individuals with a common bond. It makes no sense whatsoever that the institution in which you are a member would turn around and discriminate against you. It just doesn't make sense.

In a letter to the National Credit Union Administration (NCUA), I asked several questions as to whether or not there have been any meritorious discrimination complaints against credit unions. In his response, the chairman stated there was no evidence of credit unions being guilty of discriminating against their members. Given the credit union chief regulator's response, I think it makes no sense to impose the burdens of CRA on credit unions.

Therefore, I encourage my colleagues to support the amendment of Senator PHIL GRAMM to delete these onerous provisions from the bill. What looks harmless today will quickly evolve to burdensome, costly, and unnecessary regulations in the future.

The same concern with CRA is also addressed by Senator SHELBY's amendment to exempt banks with less than $250 million in assets from the Community Reinvestment Act. I strongly support the amendment of Senator SHELBY now, just as I did in the Banking Committee's markup.

Be assured that exempting small banks from CRA is not about opening the door to allow them to discriminate. Not only is discrimination wrong, it is illegal. Fair lending laws like the Fair Housing Act, the Equal Credit Opportunity Act, and the Home Mortgage Disclosure Act are still the law of the land. I believe these laws protect the American people, and as I mentioned, laws such as CRA are an unnecessary burden on business.

My final concern with this legislation deals with the large increase in the number of commercial loans that credit unions are making. I support the Hagel-Bennett amendment because it accomplishes two things. First, it limits the amount credit unions can lend to their members for small commercial ventures, such as agriculture or small business start ups.

Again, the reason we are tightening commercial lending is not because we are trying to vent some distrust with respect to how credit unions make their loans.

But from my experience, having been in the business of commercial lending for almost 16 years, these are two very complicated and risky areas of lending.

As I say, I support the Hagel-Bennett amendment, because it accomplishes two things: Well-managed, well-capitalized credit unions can lend up to 7 percent of their capital; exempts from the 7 percent cap credit unions which were chartered for the purpose of commercial lending.

Second, the Hagel-Bennett amendment addresses the manner in which credit unions make commercial loans. Many credit union loan officers are not trained to evaluate commercial loans. The Hagel-Bennett amendment requires credit union employees who make or administer commercial loans to have at least 2 years of experience in the area of commercial lending. This provision is already part of the NCUA's regulations on member business loans, and the Hagel-Bennett amendment merely codifies this regulation.

Be aware that much of what I am saying is the result of my experience as a member of the Senate Banking Committee when the Resolution Trust Corporation was established to bail out the savings and loan industry. I believe that if we do not take precautions now, such as those outlined in the Hagel-Bennett amendment, we could be looking at significant losses and exposure to the taxpayers in the future.

In closing, I stress my support of the vital role credit unions play in today's financial services marketplace. Do not mistake my desire to improve this legislation with an agenda to end credit unions. I strongly feel that credit unions should exist. There are 268 credit unions in my State of Florida, with just under 3½ million members. My goal today is to ensure that every credit union is a viable, safe and sound institution, one unburdened by unnecessary regulatory requirements.

Mr. President, I cannot support H.R. 1151 in its present form. I hope that my colleagues will support both the Gramm and Hagel-Bennett amendments which ensure the safety and soundness of credit unions. I also urge my colleagues to support the Shelby amendment which will level the playing field between commercial banks and credit unions.

Thank you. Mr. President, I yield the floor. 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. D'AMATO. 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. D'AMATO. Mr. President, on behalf of the majority leader and the minority leader, I ask unanimous consent that following the 5:30 p.m. vote, there be 2 minutes for debate to be equally divided on the Hagel amendment and that a vote then occur on the motion to table the amendment with no second-degree amendment in order prior to the vote.

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

Mr. D'AMATO. I do not know how many Members would like to speak to this, but I would think, given the time situation that we have, that those Members on either side who would like to either speak on the bill or state their support or opposition to the amendment that is now pending, that they should attempt to do so. Because at 3:30, I believe, Senator SHELBY will be coming down to the floor in order to offer his amendment, and we will then lay aside this amendment for the purposes of discussing the amendment put forth by my colleague from Alabama. Then thereafter, from 4:30 to 5:30, Senator GRAMM of Texas is scheduled on the floor where we will then entertain the Gramm amendment, which will be the pending business and which will be the vote that we take up at 5:30. I believe at that point my colleague, the ranking member of the committee from Maryland, Senator SARBANES, will make a motion to table. And with that the votes will begin.

So my suggestion, to those colleagues who would like to be heard on this amendment or on the overall bill, is that they use this time to come to the floor within a half hour because I think the schedule will then begin to get somewhat crowded.

If no one is seeking recognition, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Ms. COLLINS). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

AMENDMENT NO. 3338

(Purpose: To amend the bill with respect to exempting certain financial institutions from the Community Reinvestment Act of 1977)

Mr. SHELBY. Madam President, I send an amendment to the desk on behalf of myself and Senators GRAMM, MACK, FAIRCLOTH, GRAMS, ALLARD, ENZI, HAGEL, HELMS, NICKLES, MURKOWSKI, BROWNBACK, SESSIONS, INHOFE, COATS, and THOMAS.

The PRESIDING OFFICER. Without objection, the pending amendment will be set aside. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. SHELBY), for himself, Mr. GRAMM, Mr. MACK, Mr. FAIRCLOTH, Mr. GRAMS, Mr. ALLARD, Mr. ENZI, Mr. HAGEL, Mr. HELMS, Mr. NICKLES, Mr. MURKOWSKI, Mr. BROWNBACK, Mr. SESSIONS, Mr. INHOFE, Mr. COATS, and Mr. THOMAS proposes an amendment numbered 3338.

Mr. SHELBY. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title II, add the following new section:

SEC. 207. COMMUNITY REINVESTMENT ACT EXEMPTION.

The Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.) is amended by adding at the end the following new section:

"SEC. 808. EXAMINATION EXEMPTION.

''(a) IN GENERAL.—A regulated financial institution shall not be subject to the examination requirements of this title or any regulations issued hereunder if the institution has aggregate assets of not more than $250,000,000.

''(b) ADJUSTMENTS.—The dollar amount referred to in subsection (a) shall be adjusted annually after December 31, 1998, by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics.''.

Mr. SHELBY. Madam President, this amendment that I have offered this afternoon would authorize a small bank exemption in the Government-mandated credit requirements of the Community Reinvestment Act, known as CRA. Community banks by their very nature serve the needs of their communities. They do not need, I believe, a burdensome Government mandate to force them to allocate credit or to originate profitable loans.

Friday, I spoke in this Chamber about the regulatory burden of the CRA on small community banks in the United States. I cited then statistics that show small banks are less efficient than large institutions and suffer from excessive regulations.

My colleagues should know that the amendment I have just offered would exempt only 11.2 percent of bank assets nationwide. This is nearly the same amount of assets as one of the largest financial institutions in America, BankAmerica. Can you imagine that? All the small banks of America, with $250 million in deposits or assets or less, have 11.2 percent of the assets, and one bank, and probably several others, has a lot more than all of these banks put together.

I thought it might be helpful to hear from a small bank with less than $80 million in assets. They have written to me to complain about the regulatory burden of the CRA. This institution is probably typical of small community

banks nationwide. And the institution officer asked to remain anonymous for obvious reasons, for they are worried about repercussions from overzealous Federal regulators or bureaucrats. I would feel the same way. But the CEO of the small bank in my State wrote as follows:

As a local community bank, we willingly and proudly provide banking services to all segments of the population. However, the Community Reinvestment Act is overly burdensome, costly and makes it difficult for us to compete and to offer our customers the service they deserve. Presently, [I have] an employee in the bank who spends 35 percent of his time just making sure we are in compliance with the Community Reinvestment Act. These duties include: (1) Quarterly reports to the board of directors detailing the community activities of our officers and directors; (2) Plotting each loan on a map of the county; (3) Reviewing all loans on a weekly basis for the purpose of breaking down income levels by number and total dollar volume; (4) Reviewing all loan denials and approvals weekly for the purpose of ensuring compliance with CRA; (5) Providing an on-going self-assessment of the bank's CRA plan and performance.

I have dozens of letters similar to these, but the one from which I just read articulates the burden as well as any of them.

Opponents of our amendment suggest here that the CRA regulations have been reduced and are not burdensome. The CRA regulations may have been reduced, but the burden is still there. Bankers have to study hundreds of pages' worth of guidance manuals and attend seminars to assure CRA compliance. In fact, some banks have staff whose only job is to ensure CRA compliance. Of course, compliance costs with small bankers are not the only costs of the CRA. The very mandate of credit allocation increases the cost of banks in and of itself, and I would like to take a moment to explain here this afternoon why the Community Reinvestment Act is nothing more than a Government-mandated credit allocation, much like the mandated credit allocation in East Asia that has caused the currency crisis, among other things. The chart would show this.

What are the small bank performance standards? I will go through these. According to the Code of Federal Regulations, CFR, section 25.26, the ''Performance criteria'' for small banks depend on (i) bank's loan-to-deposit ratio; (ii) percentage of loans located in the bank's assessment area; (iii) bank's record of lending for borrowers of different income levels and businesses and farms of different sizes; (iv) geographic distribution of the bank's loans; (v) bank's record of taking action in response to written complaints about its performance in helping to meet credit needs in its assessment areas.

Mandate (i) judges all small banks around the country on their loan-to-deposit ratio. However, the loan-to-deposit ratio for one bank may not be appropriate for another bank. One banker told me his record of ''community lending'' was questioned by a Federal bank regulator based on a low loan-to-deposit ratio. The banker responded, ''My bank is in the middle of a retirement community. There are not too many senior citizens applying for community development loans.'' How does the Federal Government know what the appropriate loan-to-deposit level is for Winfield, AL, or Lafayette, LA, or some other town in America?

Mandate (ii) judges all small banks around the country based on the loans made in a specific assessment area. Why should the Federal Government dictate to any business who his customers should or should not be? What if there is no loan demand in that area?

Mandate (iii) judges all small banks on their lending based on the ''different income levels.'' The performance criteria in Section 25.26 never mentions credit worthiness or the consideration of risk. When the free market allocates capital and credit, risk is always the distinguishing factor—and it should be.

Mandate (iv) forces all small banks to lend not only in a specific assessment area, but under a geographic distribution established by the Federal Government. One banker told me the regulator was challenging his geographic distribution of lending and asked the banker why he had not made loans in a certain area. The banker responded, ''I can't make any community loans there. Nobody wants to build in the middle of a lake.'' There was a large lake there, but the bureaucracy didn't know it or recognize it. The point is simple: Federal regulators do not know the small communities across America like the people that live there, and work there every day.

Mandate (v) judges a bank's record of responding to its customers. Businesses across America do this voluntarily without the Federal Government judging its performance. It is called customer service. The responsiveness of a business to its customer's needs is usually measured by the success of the business. In the free market, no business will stay in operation if it does not satisfy the needs of its customers.

The costs of Government-mandated credit allocation results in increased cost to consumers. First, CRA raises the costs of inputs to banks by forcing them to comply with the regulatory burden of CRA—we are entering the 21st century and bankers are still forced to stick pins in maps on the walls of the bank in order to indicate where loans are made. Second, making loans according to a Federal formula increases the risks, and therefore the costs, of borrowing to consumers.

The Federal Reserve Bank of Richmond published its 1994 Annual Report on ''Neighborhoods and Banking'' where it reported its findings on the costs of CRA. The report found:

[T]he regulatory burden (of CRA) would fall on bank-dependent borrowers in the form of higher loan rates and on bank-dependent savers in the form of lower deposit rates. And to the extent that lending induced by the CRA regulations increases the risk exposure of the deposit insurance funds, taxpayers who ultimately back those funds bear some of the burden as well.

The Fed report goes on to say: ''* * * CRA imposes a tax on banks * * *''

The costs and risks associated with CRA are ultimately shouldered by the consumer. We know that. There is no justification for Congress to articially increase the costs of borrowing to the consumer. By maintaining the status quo of CRA, Congress actually hampers investment and growth by increasing loan rates and lowering deposit rates. Congress should adopt policies that help reduce the cost of borrowing, that help reduce the regulatory burden. Congress should adopt a small bank exemption to the Community Reinvestment Act. That would, again, only exempt 11.2 percent of the assets in banks in America, but it would be a God save for the community banks all over America.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. Madam President, what is the pending business?

The PRESIDING OFFICER. The pending amendment is the amendment offered by the Senator from Alabama, Senator SHELBY.

Mr. THOMAS. Madam President, I want to speak generally about credit unions and also on the amendment, if I may.

I wanted to talk about credit union legislation because it is one of the most important things we will be doing, certainly, this year. I have spent many hours meeting with Wyoming citizens on both sides of the credit union legislation. In fact, in the last year and a half, I have had 32 meetings relative to this bill. So there is a great deal of interest in it. It is the kind of involvement that we ought to have in public issues. It is democracy, certainly, at work.

I also have some kind of perspective to it, in that I helped organize a credit union, back when I was with the Wyoming Farm Bureau a number of years ago, a very small one designed to work with the employees there at the Farm Bureau.

I think, having worked with not only the Farm Bureau but the Rural Electric Association, I am aware of the value of cooperatives, the value of people being able to come together and do some things for themselves, the ability to tailor the services that are needed in a particular place to that particular need. Certainly, Wyoming is one of the smallest—indeed, it is the smallest State in the Union with regard to population. We do have different needs than occur in New York or occur in Pennsylvania. So as we talk about services and distribution of services, it makes a good deal of difference.

I also think credit unions have fitted themselves to these needs, as have community banks. They have fitted themselves, too. I believe there is an increasingly clear definition between

some of the international banks and some of the community banks. It used to be everything was a bank was a bank was a bank. Now I think that has changed, and properly so. We need both kinds of banks.

Wyoming has 39 credit unions and about 145,000 members in Wyoming. That represents about a quarter of our State population. So it is a unique and needed service. The median asset level in Wyoming credit unions is only $6.9 million. The smallest credit union has assets of about a half million dollars; the largest, $86 million. So we do have a unique situation. Things happen on a smaller scale there, and we need to continue to have that opportunity to serve. The things that are debated here, in credit unions, the changes that have taken place, the reason for the lawsuit, has very little to do with the kinds of operations we have in our State.

I support the final passage of this bill. Perhaps the most important provision is to grandfather the millions of credit union members who were added to the multiple-group credit unions before the February 28 Supreme Court decision. As we know, these types of memberships were invalidated. No one wants to see the present credit union members lose their accounts, and this will ensure that they do not.

Another important provision is to enhance the supervisory oversight of federally chartered credit unions to make sure they are sounder, safer, and more efficient.

I think we would not be debating this legislation today if the regulatory authority, the National Credit Union Administration, had used its regulatory power to do more of those things to carry out the original intent of the Federal Credit Union Act of 1934. Arguably, the NCUA has been more of an advocate than a regulator. I think that has to change.

As with every other federally chartered organization or institution, Federal credit unions must serve within that niche that is prescribed for them by law. I have told my friends in the credit unions that there are certain advantages to the way they are structured, certain advantages go to them as being cooperatives and being member-owned. That is good, and I endorse that.

On the other hand, there have to be, then, some limitations to the kinds of things that they can do. I think commercial lending should not go unlimited. I support the amendment of the Senator from Nebraska which would allow for commercial lending, which they are seeking. I also support the Shelby amendment which exempts small community banks from the requirement of the Community Reinvestment Act. I hear all the time of the amount of the administrative and regulatory time spent in a very small bank; more time reporting than there is in lending.

So I hope that not only the banks, but the credit unions can get out from under that basic paperwork requirement. The expenses of meeting these costs, as the Senator from Alabama just indicated, are, of course, passed on to the owners and depositors.

I am supportive of the efforts to relieve those unnecessary mandates. That is what we ought to be doing whenever we can. I believe this is an appropriate place to do that.

Clearly, banks and credit unions have a proper, legitimate, rightful, and important place in our financial system. We simply need to define what those roles are.

Our challenge is to successfully address the Supreme Court's ruling in a way that will allow consumers access to credit and financial institutions, have fairness among them, and strengthen the regulatory and safety aspects of them. I believe this bill will do that.

I support the unique status of credit unions, and I believe the bill before us, with amendments, maps out an appropriate role for the future.

Madam President, I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Madam President, I would like to address the Shelby amendment, which is before this body, and also make reference to the amendment offered by my good friend and colleague from Nebraska, Senator HAGEL.

I rise in opposition to the Shelby amendment. The Shelby amendment would exempt, as we all know now, banks of less than $250 million in assets from the requirements of the Community Reinvestment Act.

As I stated before when we were debating this issue on Friday, I disagree with the substance of this amendment, but before I turn to the substance, let me suggest what I know the chairman of the Banking Committee and the ranking member, Senator SARBANES, have said over and over again with regard to this amendment, and that is, to those who might be inclined to support this amendment, the adoption of this amendment will result in the collapse of the credit union bill. That is a fact. A vote for it will certainly achieve that result.

The amendment offered by Senator SHELBY goes outside the issues at play in the credit union bill and seeks, in a very controversial manner, to reduce the responsibilities of banks to their communities.

As a number of my colleagues have noted previously, the administration has already stated very emphatically that it will veto any legislation that has this CRA exemption contained within it. Let there be no mistake, a vote in favor of the Shelby amendment is a vote against the credit union legislation.

Let me briefly address a few of the issues that surround this amendment.

The supporters of this amendment make two seemingly powerful arguments in its favor. The first argument they make is that the CRA creates a regulatory burden so onerous that the imposition of it on community banks places them at a disadvantage versus the credit unions against whom the banks must compete.

The second argument offered by those who support this amendment is that this amendment, the Community Reinvestment Act itself, forces banks to make unprofitable loans and thus constitutes Government interference of the worst kind.

Neither of these amendments bears up against careful scrutiny.

First, with respect to regulatory burden, the bank regulators, under the leadership of the Comptroller of the Currency, significantly reduced the regulatory burden on banks when the new CRA enforcement rules went into effect on January 1, 1996.

At that time, the new rules received extensive breaks from bankers, large and small, as being workable. Richard Mount stated, on behalf of the Independent Bankers Association of America, which represents only small community banks:

> The new rules should alleviate the paperwork nightmare of CRA for community banks and allow them to concentrate on what they do best—reinvest in their communities.

Given the changes made in 1996, there is little reason to believe that a CRA exemption for small banks would result in reduced costs sufficient enough to make a difference in their competition with credit unions.

What is perhaps more important, Madam President, is the question of whether CRA actually is a means for the Government to engage in credit allocation and whether CRA forces banks to make unprofitable loans. Again, I do not think the facts bear out these statements.

Some have suggested that the Community Reinvestment Act was enacted in 1977 solely because banks enjoyed a protected advantage in communities, that CRA was the tradeoff for continuing those protective statutes. These people argued that with the advent of increased financial competition, and particularly with the passage by Congress of the Interstate Banking and Branching Act that ended the exclusive rights of banks to service particular communities, the basis for CRA no longer exists.

While those were important factors in the passage of CRA, the overriding concern, Madam President, was that the banking industry, which enjoyed then and enjoys today the benefit of taxpayer-backed deposit insurance, was using that benefit to make loans available only to affluent communities, and were allowing less affluent communities, from Appalachia to Bridgeport, CT, to wither on the vine.

The hearing record in 1977 clearly shows that by most surveys banks were returning only pennies in loans for every dollar of deposit that came from low- and moderate-income areas. The

solution to that real and uncontested problem was that regulators take steps to ensure that banks serve their entire communities, not just select parts.

However, there is nothing in CRA that allows the regulators to have the banks waive basic fundamental underwriting practices. The regulators cannot permit the banks to jeopardize safety and soundness in order to demonstrate compliance with the act.

In other words, Madam President, CRA loans have to make money. They must make money. As bank regulators stated in their joint agency rule on CRA:

> The agencies firmly believe that institutions can and should expect lending and investments encouraged by CRA to be profitable. . . . As in other areas of bank and thrift operations, unsafe and unsound practices are viewed unfavorably.

Or as Mario Antoci, chairman of the American Savings said:

> Lending in the inner city has turned out to be the most profitable part of our business over the past few years.

Madam President, the Community Reinvestment Act has proven, I think, to be one of the most useful financial initiatives enacted by the Federal Government in a generation.

Community groups estimate that CRA has brought more than $1 trillion into underserved communities across our Nation from our small rural towns to our largest cities. It is done so in a manner that not only benefits the community in which the investment is made, but also allows the lending institution to expect the same profit that they would receive on other loans.

This is a law, Madam President, that works. And it is a law where benefits can be seen in every new home that gets built or new business that gets started in a neighborhood or town that used to be neglected by the banking industry prior to 1977.

If there are specific problems with the implementation of CRA, if there are certain activities that should be considered that are not considered, then the appropriate way to address those specific concerns is to work with the regulators to improve the way that the law is being administered.

But to exempt 86 percent of America's banks from a requirement to serve their entire community, while still extending them the benefit of deposit insurance which is backed by the dollars of everyone in that community, is simply wrongheaded in the approach to helping the banking industry.

At the end of the day, Madam President, the best thing that Congress can do to help community banks is to provide the means for all American communities to grow, thus expanding the demand for bank loans and products. CRA helps all of us achieve that goal and, therefore, I urge my colleagues to vote against this amendment.

Lastly, Madam President, I will come back to the point I made at the outset. I urge my colleagues to think about this: Even if the idea of CRA should be reworked and redone, even if you think it deserves a legislative approach, if it ends up being adopted on this credit union bill, it will bring down this piece of legislation. That would be a great disservice to the millions of people who are looking to this Chamber to follow what was done in the other Chamber, and that is to pass these reforms that are necessary for credit unions to succeed. For those reasons, Madam President, I urge that this body reject the Shelby amendment.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Madam President, I thank the Chair.

I rise to share some of my concerns regarding H.R. 1151, the Credit Union Membership Access Act.

First, let me state that I support the concept of H.R. 1151; that is, to prevent a current credit union member from being forced to disaffiliate, and also to allow a credit union an opportunity to reasonably expand its membership to help ensure the safety and soundness of the institution.

I will support passage of H.R. 1151. However, in light of the realization of the tax-exempt status that Congress affords credit unions, I think it would be irresponsible for this body to not fully debate a serious problem that exists with this legislation; and it is the Community Reinvestment Act requirements.

Madam President, we can talk about interpretation. We can talk about administering the act. But the realization is that the act calls for specific action by community banks. And the consequences of that are not only costly, but in some instances rather—well, they are rather amusing. Let us put it that way.

I know of one bank in Los Angeles with numerous branches throughout the city. And those banks are primarily located in areas of high concentration of Chinese residents, both from the mainland previously, or their families, and Taiwan. So a good portion of the banks' customers clearly are Chinese.

The Community Reinvestment Act mandates that these particular branches advertise in Hispanic areas of Los Angeles, advertise in areas where there are large concentrations of black residents, and move beyond, if you will, the traditional area that they serve with their branch system.

This particular institution has been cited as being in violation of the Community Reinvestment Act because it did not have a certain percentage of Hispanic depositors and borrowers. So they were forced to go out and advertise in those particular areas, which they did. They still did not generate any business.

If you go into this Chinese bank, so to speak, the tellers can speak English and Chinese. They are meeting, if you will, a minority service, but they are in violation, technically, of the Community Reinvestment Act.

I could go on and on with numerous examples, but here, clearly, is an example where the Community Reinvestment Act is out of sync with reality.

Community banks, for the most part, are small. Many of them are locally owned. Over half of the banks have only one or two branches. And they have excellent records of serving their communities because they are different than the money center banks. They are there to serve the community. They have to be there, and they have to do that or they would not survive. They have to serve the community.

It is interesting to note that of the 8,970 small community banks, there are only 9—only 9—that have a substantial noncompliance CRA rating. Let me repeat that. Of the 8,970 small community banks in America, only 9 have received a substantial noncompliance rating. In other words, almost 9,000 small banks must spend hundreds of millions of dollars to comply with a Federal mandate simply because a bare 9 community banks had records that the regulators in Washington, DC, deemed bad. Well, that makes no sense, Madam President. It is just totally unrealistic.

Because community banks by their very nature serve the needs of their community, community banks do not need a burdensome Government mandate to order them to do what they have already been doing a good job of for decades.

The difference is the large banks don't have a difficulty in meeting the CRA requirements. The large banks have personnel. They have resources and they can easily absorb the costs of these additional CRA mandates. The small banks don't have these resources. It is very difficult for them to absorb the high cost of the Community Reinvestment Act, and even the credit unions express concern over additional costs, additional Federal mandates.

How costly are the CRA requirements? Let's just take a look at this chart, because I think it shows adequately that this is a very meaningful cost. If we look at the chart, we see the financial burden of the CRAs to small community banks is costly, costly in both dollars as well as man-hours. If we look at compliance with the Community Reinvestment Act, what it costs the community banks—14.4 million employee hours; 6,900 full-time employees; $1,256 per $1 million in assets—the total cost of the CRA to community banks is over $1 billion a year.

One of the curious things about the manner in which this debate is going on, it is my understanding that Senator GRAMM has put in an amendment to exempt the credit unions from the CRA requirements. The CRA requirements are in the Banking Committee bill to exempt the credit unions from CRA requirements.

Senator SHELBY's amendment is simply to exempt small banks from the

same CRA requirements. Now, is that not an equitable situation? I am surprised that the President has come down and suggested that if this passes, the Shelby amendment, it is grounds for vetoing the bill. What is the logic in that? What is the equity? What is the fairness? What we are trying to do here is to serve America's consumers. The way to do that is lower costs.

If it costs the small community banks $1 billion a year, that cost has to be passed on. What many in this body don't recognize is the difficulty that the small community bank has in meeting these requirements as compared to its competitor, whether a Bank of America or Citicorp or any of the major institutions. This is just another cost of doing business that they can assimilate. But the small country banker on the corner has a real problem with this in spite of what some of the debate has suggested here today.

The regulatory costs of the CRA impairs the ability of small banks to serve the needs to their local community. As this chart shows, it costs real money—$1 billion—to comply with the CRA. Banks must comply with the Truth in Lending Act. That requirement, which everyone supports, takes less than half the man-hours of the CRA and costs nearly half of what CRA costs. The banks must also meet the important Equal Credit Opportunity Act which prevents discrimination in lending, a worthy goal. Yet the cost of complying with the Equal Credit Opportunity Act is barely one-fifth of the onerous costs of the CRA.

I am a cosponsor of the Shelby amendment which exempts small banks, exempts small banks with $250 million in assets from CRA. Personally, I don't feel that goes far enough. I believe a $500 million threshold is a more appropriate figure.

Why is an exemption for small banks with $500 million in assets more appropriate? Well, there is a good reason. That is the threshold we established 12 years ago to distinguish small banks from large banks in the 1986 reform of the Tax Code. We recognized back then that the small banks, banks with less than $500 million, should be allowed a deduction for reserve for bad debts but denied a similar reserve deduction for large banks. It only makes sense to use a definition already so well established. Obviously, by the attitude prevailing here with regard to the equity, I am not going to pursue that, but I think that is an appropriate threshold as you look at where you cut off a small bank from a large bank.

I believe the Shelby amendment is a modest amendment that all of our colleagues should support. It is equitable. To have the threat of the White House come down, that they will veto this if it prevails, is absolutely unrealistic, and it is certainly unfair.

I think it is time we sent a message to the White House with regard to the merits of the debate on issues of equity and fairness. To suggest that the White House simply comes down with a threat—this Senator from Alaska is not buying. If there are any financial institutions in America that do not need to have a Federal community reinvestment mandate imposed upon them, it is America's small community bankers. They are not making loans in Indonesia. They are not making loans in South Korea. Their loans are in their communities. That is how they survive. Why exempt the credit unions and penalize small banks, small banks who pay taxes?

Make it fair. Make it equitable. Exempt both. That is the correct action that should be taken by this body. I hope there are enough Members who will stand up for what is right and equitable.

Mr. ENZI. Mr. President, I rise in support of the amendment sponsored by the senior Senator from Alabama.

The amendment, which authorizes an exemption for banks with less than $250 million in assets, would allow small banks to escape the burdensome, federal government mandate of the Community Reinvestment Act of 1977, commonly known as CRA. In 1977, Congress felt that the regulated and insured financial institutions should be required to demonstrate that their deposit facilities help meet the credit needs of the local communities in which they are chartered.

However, I have seen the CRA become a burdensome federal government mandate on private financial institutions resulting in nothing more than excessive paperwork requirements. Small community banks naturally serve the needs of their communities, otherwise they would not survive. In Wyoming, where many towns have only one or two banks and maybe a credit union, the financial institutions must reach out to everyone in the community in order to be successful.

We must also realize that several things have changed since the passage of the community Reinvestment Act became law in 1977. Until 1994, when Congress passed the Reigle-Neal Interstate Banking and Branching Efficiency Act, banks were not allowed to acquire another bank in another state. The Reigle-Neal Act forced small community banks to be more aggressive to meet the needs of their community in order to compete with outside banks, thus supplanting the need for the CRA.

Second, we now have less government intervention on the rate of interest payable on savings deposits and demand deposits. Before the Depository Institutions Deregulation and Monetary Control Act of 1980, there was a ceiling on the interest rates on savings deposits and a prohibition on the payment of interest on demand deposits to consumers. We do not have these restrictions now. These laws, passed after the Community Reinvestment Act of 1977, have promoted a healthy competition for deposits and credit, thus causing financial institutions to increasingly reach out to the communities they serve.

I believe it is prudent and right to exempt small banks from CRA requirements. They are the very institutions that comply every day with the Community Reinvestment Act just by the very nature of their business. And they are the institutions that are most burdened by the required paperwork because of their limited resources.

I urge my colleagues to support the amendment.

Mr. D'AMATO. Madam President, I have spoken to this issue before, so I am going to try to make my remarks very succinct. That is difficult for me, I realize that, but there are others waiting. The Senator from Kansas has been on the floor for 2 hours and the Senator from Massachusetts is waiting to speak also.

I share the concerns that my colleagues have raised regarding the fairness of what would appear to be overreaching in certain cases involving our community banks. I believe we need to have a full and thorough hearing to look at this question and examine it. Not just one hearing, but a comprehensive study and a series of hearings to see if we cannot advance the goals. Because I don't think there is anyone, anyone, who is opposed to the goals of ensuring that there is capital available in our rural areas and our small communities. Capital that might not otherwise be there were it not for CRA.

The question is, Is that capital being made available? How effective is CRA? Or has there been an unexpected consequence from the impact of the legislation and the compliance requirements? And has that consequence been so overwhelming as to keep the small banker from doing his job? Those are legitimate questions. We should review this important issue in its entirety and we should examine it.

But we should not offer an amendment now that would in any way make it impossible for this bill to go forward. That is exactly what would take place. There is no way, no way, that we could get sufficient votes nor would the administration enact legislation if the CRA provision was stripped out. I say ''stripped out'' because that is, indeed, what the amendment would do. The Shelby amendment would literally strip it out.

There is no way for evaluating if a bank had proven itself year after year and earned a relaxation in its examination schedule so it would be reviewed less frequently or even periodically. That is the kind of thoughtful consideration that we need to do.

This doesn't say, well, let's look at giving better tax treatment to the smaller community banks so that they can do their job. And, for example, Senator ALLARD has worked long and hard on developing a proposal that would do that. That is the kind of thing we have to do. But to come in here now and suggest that we simply strip out CRA for all community banks would be wrong.

And you can say that you favor credit unions, but if you vote for this

amendment, what you are doing is taking a chance that credit unions will have irreparable damage done to them. So I am going to urge my colleagues to support the motion to table Senator SHELBY's legislative effort. As well intended as it may be, it should not be here.

Mr. HOLLINGS. Mr. President, I rise today in support of H.R. 1151, the Credit Union Membership Access Act. I have always supported federal credit unions because of their vital role in providing access to credit, particularly for consumers of moderate means. This bill would allow credit unions to continue to offer this outstanding level of service.

The Supreme Court's recent decision in the AT&T case cast a shadow of uncertainty over credit union membership. The decision threatens to disrupt the financial affairs of millions of hard-working families by forcing credit unions to limit future memberships and placing current memberships in jeopardy. This legislation responds to the Court's decision by clarifying the credit union field of membership. It protects existing credit union members and membership groups, while allowing approporiate expansion. In addition, it further protects consumers by ensuring the safety and soundness of credit unions through improved regulatory safeguards.

H.R. 1151, as reported by the Senate Banking Committee, is critical to consumers across the nation. Credit unions serve many families who have trouble obtaining credit elsewhere. In particular, credit unions are absolutely essential in the area of small consumer loans. For those in need of a loan to purchase a new car, put down a rent deposit, or buy a new washer and dryer, the local credit union is a valuable resource. In today's world of mega-mergers, credit unions continue to be there to provide affordable and personal financial services.

Both the House of Representatives and the Senate Banking Committee approved H.R. 1151 by overwhelming margins. These votes are evidence of the strong support behind this legislation. I urge my colleagues to support H.R. 1151 in a similar fashion.

AMENDMENT NO. 3336

The PRESIDING OFFICER. Under the previous order, the hour of 4:30 p.m. having arrived, the question recurs on amendment No. 3336 offered by the Senator from Texas, Mr. GRAMM. There will now be 1 hour of debate, divided in the usual form, prior to the motion to table the amendment.

Mr. D'AMATO. Madam President, I ask unanimous consent that 10 minutes of additional time be granted, and if the Senator from Texas would yield, we could take it out of our time. The Republicans would get 10 minutes equally divided. I see the Senator from Kansas who has been here 2 hours. Senator THURMOND has come to the floor and 2 other Members are here. If we can divide 10 minutes, 5 minutes on each side, I make that request.

Mr. KERRY. Madam President, reserving the right to object, would it be possible, I ask my colleague from New York, to work out an agreement where we might have a little more time on each side? Or I assume we are able to speak to either amendment during the time of the other amendment.

Several Senators addressed the Chair.

Mr. SARBANES. Madam President, as I understand it, we are now in a time-constrained period of 1 hour on the GRAMM amendment, equally divided; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. SARBANES. Thirty minutes to Senator GRAMM and Senator D'AMATO, who supports Senator GRAMM, and 30 minutes on this side; is that correct?

The PRESIDING OFFICER. That is correct. The Senator from New York has a unanimous consent request that would seek to delay that period.

Mr. D'AMATO. I withdraw my request, Madam President. Let's start it from there.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The time is under the control of the Senator from Texas and the Senator from Maryland, under the previous order.

UNANIMOUS-CONSENT AGREEMENT

Mr. D'AMATO. Madam President, I ask unanimous consent that at 9:45 on Tuesday, the Senate resume consideration of the Shelby amendment, and there be 15 minutes of debate equally divided prior to a motion to table. I further ask consent that no amendments be in order prior to the vote. This has been cleared by both sides.

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

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Madam President, I yield 6 minutes to the Senator from Massachusetts, Senator KERRY.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 6 minutes.

Mr. KERRY. Madam President, thank you. I thank the Senator from Maryland.

AMENDMENT NO. 3338

Madam President, I want to speak just for a moment, if I may, with respect to the Shelby amendment. This amendment concerns me greatly and I think should concern all Senators who have invested the amount of time and energy in the past years to guarantee that we will provide adequate access to credit to those parts of America that have historically been very difficult to reach, difficult to provide jobs, and difficult for people to gain access to credit.

There is a fundamental reason that in 1977 Congress, in its wisdom, decided to pass the Community Reinvestment Act. All the Community Reinvestment Act asks is that banking institutions, demonstrate that they are making adequate efforts to try to provide credit to all of the people within their communities—that they are reinvesting in their communities. There is a reason that happened. It is very simple. They weren't doing it. Large financial institutions were growing, and were accepting deposits from people within a community, but the banks were not giving back to the people within that community. They were finding other places to invest for more lucrative, faster returns, safer returns, and the community suffered as a consequence of that. So you could have communities where you had rows of houses but they weren't homes. There is a distinction between a house and a home.

What we have learned is that, over the years, the almost $400 billion worth of investments that have been made back into communities have made homes out of what were just houses, have provided people the capacity to be able to improve their own lives, to create their own jobs, within the community. And that helps the community. In point of fact, it reduces taxes. It reduces the social burden on the rest of the people within those communities who have to pick up the slack if the larger financial institutions are not doing so.

What is astonishing about the SHELBY amendment is that what it seeks to pass off as simply taking away those institutions with $250 million or less in assets is, in fact, an exemption for perhaps 85 percent of all the lending institutions in this country. The vast majority of the lending institutions in this country would be exempted from a requirement to show that they are involved in their community.

The fact is, I know this well, because as the ranking member of the Small Business Committee, we have spent a considerable amount of time trying to analyze access to credit for small businesses, which we know are over 95 percent of the businesses in the country and which provide a majority of the jobs in the country. These are some of the people who also benefit by virtue of the CRA.

The fact is that there is nothing that requires a lending institution to make a bad loan. In fact, those loans are specifically outlawed. They are specifically covered under the regulations. And the regulatory process requires the same standards of due diligence and the same standards of assuming credit. It simply requires them to make certain they are making some of those loans in the place where they do business.

The fact is that the CRA has been a remarkable catalyst, and those $400 billion have had a remarkable impact in the United States. Study after study shows that CRA portfolios perform well and that banks are profiting as a result.

It would be one thing if the banks came in here and said they were losing money, but they are not losing money, they are profiting as a result of the investments made under the CRA. That

is precisely why banks are now starting to sell CRA loans on Wall Street—in order to raise more capital to make more CRA loans.

I might add that we have heard some complaints about the administrative burden of CRA on small banks. A number of years ago, Madam President, those complaints were made to our committee. They were made to the Small Business Committee and others. There have been a series of efforts within the banking community, and in fact a considerable amount of progress has been made to reduce the overlap of regulations and reduce the administrative burden of CRA.

I am told that there is a 30-percent reduction in the level of administrative effort to comply with CRA regulations. But all we are asking people to do is, in effect, report publicly on what they say they are going to do anyway. There are people who tell you: ''We don't want to do this because it is a regulatory burden. But trust us; we are going to be out there in the community making these loans anyway.''

If that is true, they are going to have all the records of the loans they are making. They are going to have all of the analyses of how this effects the community. They are going to have all of the analyses of those to whom they are lending.

The only additional requirement when you finish with all the folderol and hype is the requirement that they make it public and that they do it in a regular and orderly fashion.

But it's more than just the application of an economic model. CRA makes a difference in the lives of real people. In Massachusetts, there have been more than $1.6 billion in commitments made by financial institutions to assist low income neighborhoods. These funds have been invested in home ownership, affordable housing development, minority small business development, and new banking facilities and services. It's making a difference in Boston's inner city neighborhoods, from Roxbury and Jamaica Plain to the South End.

Stacy Andrus, from Jamaica Plain, Massachusetts, was a restauranteur struggling to make ends meet and retain her clientele in a competitive environment. She knew she had to be creative just to keep pace. Stacy began toasting chips out of pita bread to serve as finger food before the meals. Well, as you might expect, the pita chips soon became the most popular item on the menu. Like so many small business owners who know they've latched onto a great idea, Stacy wanted to expand her operation, to bring her concept to scale. But capital and credit are scarce in Jamaica Plain. Stacy couldn't find the help she needed until she started working with the Jamaica Plain Neighborhood Development Corporation. This corporation works within a network of small business assistance providers that use CRA programs at local banks to secure financing for small businesses. With their help, Stacy obtained a $60,000 loan from BankBoston. As a result, her small business has expanded rapidly: She has leased a production plant in Jamaica Plain; put former welfare recipients on the payroll; and 900 bags of chips are rolling off the assembly line every day. Thanks to CRA, Stacy Andrus has made her Pita chips the top-selling gourmet snack food in Boston and she has major airlines interested in serving her chips to first class customers. But without CRA, the community of Jamaica Plain would not receive the benefits from the economic development that these investment have generated.

CRA is also giving low-income communities a shot at home ownership, making the American Dream a reality for those who believed it was out of reach. Julie Orlando, a single mother of three, wanted to buy a home for her family in Leominster, Massachusetts. Julie's income, though, was less than 80 percent of the medial family income for the area. In the days before CRA, Julie wouldn't be considered a likely candidate to own a home. But because the Fidelity Cooperative Bank was involved in the CRA coalition, Julie was able to obtain a $72,000 mortgage with no points. The city of Leominster provided additional assistance to Julie and her family. Because the Fidelity Cooperative Bank participated in a CRA coalition, Julie and her two children can live the American Dream of owning their first home. That is exactly the type of assistance that the CRA was designed to provide. Let me tell you, Julie's success story is typical. It's indicative of the kind of progress we can make when we leverage market forces to work in disadvantaged communities.

Mr. President, I believe the Shelby amendment will roll back the advances being made in cities and rural areas around the country. To eliminate these regulations for more than 85 percent of banks in the United States and 75 percent of banks in Massachusetts will close the door of home ownership and small business growth for thousands of low-income neighborhoods across the country.

I believe that is the wrong direction for this country. The United States is experiencing economic growth that surpasses our wildest expectations. The stock market is pushing 9,000. Unemployment is low and we are, for the first time in fourteen years, starting to see growth in real wages. We have reason to be proud. We don't, however, have reason to rest on our laurels. In this time of prosperity, our job must be to expand the winner's circle, to empower every community to participate in this economic expansion. That means we must not allow any community to be denied access to credit and capital. Destroying the development of CRA will mean access denied for our inner cities and rural areas. It would dismantle one of the most effective methods for investment in our neighborhoods and set back hard-fought development in disadvantaged areas of this country. That is why I oppose the Shelby amendment and urge my colleagues to vote against it.

I hope colleagues will oppose the Shelby amendment.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Madam President, how much time do I have?

The PRESIDING OFFICER. The Senator has 26 minutes remaining.

AMENDMENT NO. 3336

Mr. GRAMM. Madam President, we will vote at 5:30 on an amendment I have offered, an amendment that is supported by every Republican on the Banking Committee. This amendment would strike an unwise and, I believe, unfair provision that was put into this credit union bill in the House.

What I would like to try to do in a few moments is to explain what credit unions are and how they work. I would like to explain why this provision is unwise and unfair. I would like then to read for my colleagues the language of this provision to show, by the very words of the provision, how it is unworkable and how it is subject to tremendous variance in interpretation. Then, contrary to what others might say about a provision called ''community reinvestment,'' I would like to give some real examples of abuses that are not of benefit to the community but rather to special interests.

Those are basically the points that I want to cover.

Credit unions are voluntary organizations. They are not for-profit organizations. They are organizations that were established under Federal law or State law, many during the Great Depression, whereby people of modest means pooled their savings and then, from that pool of savings, they made loans to others who had joined the pool, often making it possible for people to borrow money in small amounts that would not have been available through other, commercial sources. And in the process, credit unions brought credit literally to millions of American families of modest means.

Recognizing this in their charter, they, as other cooperatives that were born during the Great Depression, were granted tax exemption. They are totally voluntary organizations tied together by a common bond.

We have written a bill in the Senate and House because of a court ruling which jeopardizes the current status of credit unions.

In the House of Representatives, a provision was added to this bill to require for the first time ever in the history of this country that Federal credit unions, and not only Federal credit unions but State credit unions as well, be forced to make loans and grant services at subsidized rates to people who are not members of the credit union. This is following a principle that has been established with the Community Reinvestment Act for banks, and I

want to argue that it does not fit the model of credit unions, and that it has certainly been abused in its use for banks.

I personally will vote for the Shelby amendment to exempt small banks from CRA, but my amendment deals with a different subject. We should not be imposing with Federal power a mandate that voluntary, nonprofit organizations, chartered for the sole purpose of promoting the private interests of their members and the cooperative interests of their members, provide services, loans and other services, to people who are not members of the credit union, people who had an opportunity to join but chose not to join. And might I point out, it generally costs nothing more than a deposit of five dollars to join a credit union, yet these people to be served under these mandates in the bill chose not to join.

Let me read the language. In three different instances this bill imposes these new Federal mandates. First of all, it imposes on credit unions ''a continuing and affirmative obligation to meet the financial services needs of persons of modest means.'' It then requires that the Federal Government conduct a periodic review of the records of each insured credit union to see that each and every credit union is ''providing affordable,''—and ''affordable'' is undefined and undefinable—''credit union services to all individuals of modest means within the field of membership of the credit union.''

Let me remind my colleagues that not only does the bill mandate that the credit union be ''providing,'' not offering to provide but actually providing, its services, meaning that they must be offered and accepted in order to meet the standard, but the bill mandates that the services and credit be ''affordable,'' an undefined and undefinable term.

The bill then uses equally expansive terms to identify to whom these affordable services and loans are to be provided: ''All individuals . . . within the field of membership of the credit union.'' That is far different from the number of people who chose to join a credit union. If a credit union represents a common bond of people who work for a company or people who live in a community, a credit union is very successful if 20 percent of the people who had the opportunity to join the credit union actually chose to do it.

If this House provision remains in the bill, we will be mandating that the hard-earned savings of credit union members be used to provide subsidized services to people who had an opportunity to join the credit union but who chose not to afford themselves that opportunity.

This provision also requires that the evaluation of the credit union made by the Federal examiners be made public.

With regard to community credit unions, the provision requires that the credit union meet the credit needs and credit union service needs of the entire field of membership, and that procedures for remedying a failure be established—again, for the first time ever in the history of this country requiring voluntary nonprofit organizations to grant subsidized services to people who are not members of those organizations.

And, finally, a third time the legislation mandates, and again in words that are undefinable, that the credit union, as a condition tied to its federal deposit insurance, insurance that it pays for out of its capital provided by its members in a self-financing system, must be satisfactorily providing affordable credit union services to all individuals of modest means within its field of membership—again, not people who joined the credit union. And, as before, the terms ''satisfactorily'' and ''affordable'' are undefined and totally undefinable.

What is this really about? I want to use, I am afraid, somewhat harsh language to describe what this is about, there are not any other terms which really describe it. We must begin by recognizing that we had to pass a bill to deal with a court decision with regard to credit unions. Then we are seeing a rider added to this bill, in essence an effort to hold this bill hostage, these CRA provisions that for the first time will force credit unions to use their resources for something other than promoting the well-being of their members. These so-called community reinvestment provisions are often abused and often can turn into something very different than the term ''community reinvestment'' would suggest.

I want to give you three examples of the kind of problems that are happening on a regular basis with regard to the application of CRA to banks. We do not want these things to happen to credit unions, and someday we are going to stop them from happening to banks. I would like to begin that soon.

The first has to do with California First Bank. California First Bank sought to merge in 1989 with Union Bank. When the merger was announced, protesters showed up and filed a protest under the Community Reinvestment Act opposing the merger of California First Bank and Union Bank. They met with the leadership of the California First Bank, and after delaying that merger, an agreement was entered into in return for removing the protest to the merger. California First Bank agreed to increase purchases from women and minority-owned vendors to 20 percent of total purchases. They agreed to make charitable contributions in the amount of 1.4 percent of net income in 1989 and 1.5 percent of net income in 1990. They made a commitment that 60 percent of employees placed in middle and senior management positions within 5 years would be minorities and women. And finally, they agreed, as a condition for the removal of this protest, that they would appoint three minority and women directors to the bank.

Sumitomo Bank in California is a bank that I do not know, but I assume it is an affiliate bank of the Japanese bank operating in California. I suspect that it has specialized in providing services, corresponding bank services to companies that do business in Japan and Japanese companies that do business in the United States. Sumitomo Bank had an action filed against them under the Community Reinvestment Act, and as a result of this filing, they were ultimately forced into the following agreement. And I would like to ask you, if this were a bank from one of our States that was operating in the Dominican Republic and a group of professional protesters came into the bank and protested its operations and demanded and received the following things, what would we call it?

This Japanese affiliate bank was required under this agreement to make $500 million of CRA-related loans over 10 years; to spend 2 percent of income on charitable or not-for-profit organizations, two-thirds of the money going to inner-city organizations; appoint minority board members to the bank; appoint a paid five-member minority advisory board to consult with management; and give 20 to 25 percent of outside contracts to minority-owned vendors.

I submit that, while it is a harsh word to say, if an American bank in the Dominican Republic had been forced to do these things, we would have called it extortion. Yet this is happening every year in America.

Let me give another example. When NationsBank and the Bank of America recently sought to merge, both banks had excellent CRA reports. They had been graded annually, and they had historically invested substantially in the inner-city areas that they served. Yet, despite the fact that both banks had excellent CRA reports, a group of professional protesters opposed the merger. Currently, they are endeavoring to hold up the merger, and one of the protesters was recently quoted as saying, ''We will close down their branches and ensure they fail in California. This is going to be a street fight and we are prepared to engage in it.''

Madam President, what has really happened to CRA provisions for banks is that we have literally set up a procedure whereby professional protesters lodge a complaint in the name of community reinvestment every time banks seek official approval of any action, and based on those complaints, in holding up that action, they are able to force companies to sign agreements to set quotas in purchasing, quotas in hiring, quotas in promotion, and they literally force the bank to donate money to organizations of which they themselves, on occasion, are part or beneficiaries.

I submit that community reinvestment, while the name is a wonderful name, and we all support it, has really turned into a system that is terribly abused. It has become virtually a system of legalized extortion whereby a

small number of professional protesters are able to go into a bank and literally threaten that bank with the inability to do its business unless they are, in some form, in some fashion, paid off.

I think this is fundamentally wrong. It is very difficult to get banks to talk about it, obviously, because when people have been extorted, it is hard to get them to go public. But the plain truth is, I think if people look at what is happening to NationsBank and Bank of America, even though both of them have excellent records, and in the reports that are filed annually have consistently received high ratings, yet they are being shaken down by protesters who are trying to hold up their merger, asking for additional concessions.

When we look at what California First Bank and this Japanese affiliate were forced to do, in terms of payments of cash, in terms of hiring people to serve on ''advisory boards,'' it reminds me of an immigrant merchant working with his family. This immigrant merchant is trying to eke out a living in a little store, when these big heavies walk into his store and say: You know, you need protection. You need somebody to make sure that somebody doesn't come in here and tear up your business or hurt you. And you give us 5 percent of what you earn and we will protect you.

I think it is fundamentally wrong, when we have established terms that are so undefined as ''affordable,'' terms such as ''satisfactorily providing affordable,'' so that we are literally allowing American business to be shaken down. I don't want this to happen to credit unions. I don't like the fact that it is happening to banks. I believe that we will ultimately fix this problem. I think we should.

Some people are going to say that the credit unions are not actively opposing the CRA mandates in the bill. The credit unions were told that if they opposed this provision in the bill that they might not get the bill, that it might be held up. So needless to say, I am not surprised under those circumstances that they have not come forward to say that they oppose these mandates.

But I believe these mandates should be stricken. I think that they have no role in the credit union bill. I think it is fundamentally wrong, to require that voluntary nonprofit organizations, established to provide cooperative financial services to people who voluntarily come together in a credit union—it is wrong to force them to take their money and their services and, in essence, give them to people who are not members of their credit union.

I think it is fundamentally wrong. Striking those mandates is what my amendment is about. I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Madam President, how much time is left to the proponents of the measure?

The PRESIDING OFFICER. The proponents have 6 minutes 44 seconds; the opponents have 19 minutes 30 seconds.

Mr. D'AMATO. Madam President, I would like to take up to 5 minutes.

I support the Senator's efforts, the efforts of the Senator from Texas, Senator GRAMM. As strenuously as I have argued against the inclusion of legislation that would affect community banks and CRA, I do not believe this is the time for us to go forward and place the same CRA provisions, which are so controversial as they relate to community banks, on the backs of credit unions.

We want to see that credit unions are soundly run. We want to protect the taxpayers. We want to see that credit unions can do their business, and that business is to make the small loans that others traditionally are not willing to make. I am going to ask that a letter from the National Credit Union Association, written by Robert E. Loftus, Director, Public and Congressional Affairs be printed in the RECORD in a minute, but I want to read this part out, relating to inquiries we made as to what obligations the CRA portions of our bill would require. He says, ''Our investigations have not produced any evidence that credit unions are guilty of redlining or other discriminatory practices.''

Madam President, I ask unanimous consent the letter from Mr. Loftus dated June 1, 1998, be printed in the RECORD.

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

NATIONAL CREDIT UNION ADMINISTRATION,
Alexandria, VA, June 1, 1998.

Mr. PHIL BECHTEL, Chief Counsel,
Ms. MADELYN SIMMONS, Professional Staff Member,
Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR PHIL AND MADELYN: Thank you for your efforts in obtaining Banking Committee approval of H.R. 1151. NCUA greatly appreciates the work you and the Banking Committee staff put into crafting a compromise bill.

I am writing in response to your request that NCUA analyze the effects on credit unions of the community service requirement in section 204 of H.R. 1151. Of course, NCUA's ultimate disposition of this issue lies in the hands of the NCUA Board; these comments reflect only staff views and not the Board's position.

Consistent with the language of the bill, NCUA will strive to focus on performance and ''not impose burdensome paperwork or recordkeeping requirements.'' Our goal will be, to the maximum extent possible, to rely on records credit unions already maintain in order to minimize the costs of evaluating service to low- and moderate-income members. We believe that this approach is appropriate, as our investigations have not produced any evidence that credit unions are guilty of redlining or other discriminatory practices.

If the final version of H.R. 1151 requires NCUA to implement a community service requirement, one possible approach might be that taken in a recent proposed regulation. A proposal before the NCUA Board in March (attached) would have required credit unions applying for a new or expanded community charter to document their plans to serve all segments of the community. We believe that the proposed regulation might provide a framework for implementation of section 204.

Implementation of section 204 will be a time-consuming and difficult process, as the Board will have to agree on the meaning of terms such as ''periodically'' and ''criteria'' after a public comment period which will run for several months. Staff expects that developing the community service regulation will be the most challenging part of implementing H.R. 1151. Although there will be some additional cost, until a regulation is in place, it will be impossible for staff to estimate the amount of the costs to the agency and credit unions.

Thank you again for your efforts on behalf of credit unions and their members. I assure you that the NCUA Board will implement the final version of the legislation with all due speed. If you have further questions, please feel free to contact me.

Sincerely,

ROBERT E. LOFTUS,
Directir. Public and Congressional Affairs.

Mr. D'AMATO. Madam President, there is no evidence that people are not getting credit that they should be getting. This legislation is ill conceived, to place these burdens on these small credit unions and credit unions that are by their nature nonprofit and voluntary. I don't understand this. To paraphrase the statement that has been used often, ''This is a solution in search of a problem.'' We don't even have a problem and we are coming up with a solution.

Let's look and see what the National Credit Union Administration says. These are the people who are going to draw the rules enforcing this vague open-ended legislation. Listen to what they say about implementing the legislation that imposes the CRA requirements:

> This will be a time-consuming and difficult process, as the Board will have to agree on the meanings of terms such as ''periodically'' and ''criteria.''

This legislation, as it is written, is ambiguous. This is not the time for my colleagues to be putting this kind of legislation into law. This proposed legislation is wrong. The letter from the National Credit Union Administration goes on and says:

> . . . after a public comment period which will run for several months. Staff expects that developing the community service regulation will be the most challenging part of implementing H.R. 1151.

My gosh, there you have the people who are going to administer these CRA provisions, as well-intentioned as they might be, saying that developing the community service regulation will be the most challenging part of implementing H.R. 1151. The National Credit Union Administration is saying that this is going to be the most difficult part of the law. Furthermore, there is no community service problem that is outstanding. I don't think we want to engage in this type of legislation.

Last but not least, let me say what we should be doing and what the administrator of the credit unions, the National Credit Union Administration, should be doing is concentrating on seeing to it that those few credit unions that may have trouble with their capital standards, et cetera, are subject to the prompt corrective action provisions in the bill so that the taxpayers are protected.

Let's protect the taxpayers, and let's see to it that credit unions do what they have done best, and that is to be available to the community that often has had difficulty getting credit. That is what this is about. That is what this legislation should be about.

As strongly as I am opposed to an attempt to strip out CRA from community banks, it is ill conceived to place these kinds of legislative prerogatives and requirements on credit unions that are not even adequately defined and that the National Credit Union Administration itself says will be the most difficult to undertake.

I yield the floor.

Mr. SARBANES. Madam President, what is the time situation?

The PRESIDING OFFICER. The Senator from Maryland controls 19 minutes, 20 seconds, and the Senator from Texas controls 2 minutes, 29 seconds.

Mr. BYRD. Madam President, will the distinguished Senator from Maryland yield me just 15 seconds so that I might make a request?

Mr. SARBANES. Certainly, I yield to the Senator.

Mr. BYRD. I thank the Senator.

Madam President, I ask unanimous consent that upon the disposition of the two rollcall votes this afternoon, I be recognized to introduce a bill and to speak thereon.

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

Mr. BYRD. I thank the Chair.

Mr. SARBANES. Madam President, a lot has been said here this afternoon. I regret some of the rhetoric. I don't think it advances a rational discussion of the issue, to talk about extortion and piracy, I must say, because I think there are very important issues here with respect to CRA, and I want to cover both of them since a lot of the arguments that are used on the amendment pending before us which would remove from the bill a sort of modified version of CRA which would be placed on credit unions, which was in the bill as it came over to us from the House of Representatives—a lot of those arguments really relate to CRA as it applies to banks, and that application is being used to make an argument with respect to credit unions.

First of all, it had been asserted earlier that the rationale for CRA which Senator Proxmire advanced back at the time of its passage in 1977 has all eroded, but the fact of the matter is, when that argument was made, one of the major points that Senator Proxmire advanced for the application of CRA was omitted from the list of considerations; namely, that deposit insurance is available to these institutions and the importance of deposit insurance.

This was underscored, of course, because in the 1980s Federal insurance for the savings and loans cost us $132 billion, without counting the indirect costs that were incurred in interest payments in order to finance the direct payments which were necessary.

Many of those who are arguing against are against any CRA requirement for any federally insured financial institutions, and I think it is important to understand that. Of course, I come from a very different point of view.

The fact of the matter is that CRA does not require a bank to make subsidized loans. It doesn't require it to make uncreditworthy loans. It doesn't require it to lend to a particular individual. It is not an allocation of credit.

What it requires it to do is pay attention to its community so it can't simply take money out of the community and, in effect, not be in the posture of putting money back into the community, which is, of course, what the act says community reinvestment is.

Federal Reserve Chairman Alan Greenspan has pointed out:

> The essential purpose of the CRA is to try to encourage institutions who are not involved in areas where their own self-interest is involved in doing so. If you are indicating to an institution that there is a forgone business opportunity in area X or loan product Y, that is not credit allocation. That, indeed, is enhancing the market.

What this has enabled us to do is to draw into the mainstream of economic life communities that had previously been neglected. It has worked well, and there is every reason that it also should apply to the credit unions who, of course, also get the benefit of a Federal guarantee standing behind their insurance fund.

With respect to these sharp statements about how CRA has been used by community groups, let me quote on the record some of the statements that banks and bankers have said about it.

The Bank of America says:

> Over the past several years, Bank of America, in partnership with community organizations, has developed CRA lending into a profitable mainstream business * * *. We have taken what began as a compliance function and turned it into a business line that makes economic as well as social sense.
>
> We believe we have demonstrated over the past several years that when institutions develop CRA programs as a business tool, and provide lending products with flexible but prudent underwriting criteria, low-income lending can be safe, sound and profitable.
>
> ''* * * low-income lending can be safe, sound and profitable.''

I ask unanimous consent that this public statement by Bank of America be printed in the RECORD.

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

BANK OF AMERICA VOICES SUPPORT OF CRA REFORM

SAYS LOW-INCOME LENDING CAN BE ''SAFE, SOUND, AND PROFITABLE''

SAN FRANCISCO, March 9, 1995.—Bank of America said today that it supports ongoing efforts to reform the Community Reinvestment Act by increasing its focus on lending performance.

''Over the past several years, Bank of America, in partnership with community organizations, has developed CRA lending into a profitable mainstream business,'' said BofA Executive Vice President Donald A. Mullane. ''We have taken what began as a compliance function and turned it into a business line that makes economic as well as social sense.

''We believe we have demonstrated over the past several years that when institutions develop CRA programs as a business tool, and provide lending products with flexible but prudent underwriting criteria, low-income lending can be safe, sound and profitable.''

The bank reported earlier this week that it provided $5.9 billion in CRA loans in the western U.S. during 1994.

''As we have said repeatedly during the public debate on the future of CRA, we believe it continues to play a valuable public policy role by promoting more innovative and widespread reinvestment activities by the financial services industry.''

BofA made its comments in a letter to Rep. Marge Roukema, who chairs the House Banking Subcommittee on Financial Institutions and Consumer Credit. The subcommittee is holding hearings this week on the effectiveness of the CRA and on ongoing efforts by regulators to revise the 17-year-old law.

Mullane, as co-chair of the national Consumer Bankers Association's Community Reinvestment Committee, provided a written statement to Roukema's committee representing the national trade association's position on CRA reform. He said BofA's letter was written to clarify the bank's position as an individual institution.

''Our industry is not a monolith and there is a wide divergence of opinion regarding the effectiveness of the CRA,'' Mullane said. ''We respect those differences and believe in a full and open dialogue on the future of this key banking regulation.

''But we want to be clear that Bank of America has been and continues to be a strong advocate of the CRA process, and we support current efforts by federal banking regulatory agencies to revise CRA regulations so that they focus more on actual lending performance than paperwork.''

Regarding specific elements of CRA reform, Mullane said Bank of America:

Supports the collection of race and gender data on small business and consumer loan applications, as advocated by community organizations, but only if it is required of all small business lending providers, not just those institutions currently regulated by CRA. Banks provide only approximately 30 percent of small business loans in the country, Mullane said, and without full reporting by all providers, such data would give a distorted view of the small business lending market.

Supports a ''safe harbor'' provision protecting institutions with a CRA rating of ''outstanding'' from protests during mergers and acquisitions.

Believes that CRA should apply equally to all banks, regardless of size. CRA should also provide new market-based incentives to encourage nonbank financial service providers to engage in community development lending and investments.

Mr. SARBANES. Madam President, I ask unanimous consent that a letter

from LaSalle Talman Bank in Chicago be printed in the RECORD.

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

LASALLE TALMAN BANK,
Chicago, IL, March 3, 1995.

Hon. MARGE ROUKEMA,
House of Representatives, Chairwoman, House Subcommittee on Financial Institutions & Consumer Credit, Rayburn House Office Building, Washington, DC.

DEAR REPRESENTATIVE ROUKEMA: Through our subsidiary, the LaSalle Talman Home Mortgage Corporation, we are the largest residential mortgage lender in both the Chicago metropolitan area and the state of Illinois.

Our orientation and focus of lending has been consistent with the mandates of the Community Reinvestment Act (CRA). In fact, it predates the actual introduction of the CRA in 1977. For the record, our institution was also providing voluntary mortgage disclosure data before the passage of the Home Mortgage Disclosure Act (HMDA).

CRA has proved to be a positive force here in Chicago. It has been the instrument that has provided millions of dollars in investment that has financed home purchase, rehabilitation and home improvement, and new construction in once underserved communities.

CRA is not bad business or ''have to'' business. CRA allows discretion and choice to the lender. It allows for reasoned negotiation and workable solutions. It has provided a forum where financial institutions, corporations, and community organizations can work in a spirit of cooperation to meet community credit needs.

Today we are disturbed by news coming from Washington, viz., that efforts are underway to repeal or undermine the Community Reinvestment Act.

There is a need to revise some aspects of the CRA, and recent hearings and rule changes were to do that. That has not happened. Changes are needed. Repeal is not!

Chicago, and indeed all of our nation's cities, need the positive force of CRA. Without CRA the prospects of a return to the terrible social turmoil and destructive results of pre-CRA days becomes a very real possibility.

I express my support for the continuance of the Community Reinvestment Act.

Sincerely,

THOMAS J. GOBBY,
Senior Vice President.

Mr. SARBANES. Madam President, this letter states:

Through our subsidiary, LaSalle Talman Home Mortgage Corporation, we are the largest residential mortgage lender in both the Chicago metropolitan area and the state of Illinois.

. . . CRA has proved to be a positive force here in Chicago. It has been the instrument that has provided millions of dollars in investment that has financed home purchase, rehabilitation and home improvement, and new construction in once underserved communities.

CRA is not bad business or ''have to'' business. CRA allows discretion and choice to the lender. It allows for reasoned negotiation and workable solutions. It has provided a forum where financial institutions, corporations, and community organizations can work in a spirit of cooperation to meet community credit needs.

The objective is to meet these community credit needs. We have discovered now a path down which we can go and which, in the course of meeting the community needs, the financial institutions benefit and profit from it.

Reference was made to the Sumitomo Bank of California. I ask unanimous consent that a statement of Sumitomo released in March 1997 be printed in the RECORD.

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

SUMITOMO BANK ANNOUNCES 1997 COMMUNITY OUTREACH PLAN

San Francisco, March 6.—At a press conference today, Sumitomo Bank of California (Nasdaq: SUMI) announced its 1997 Community Outreach Plan. A full text of the Bank's statement, as provided by Tsuneo Onda, President and CEO, is provided below.

''In January of 1993, Sumitomo Bank of California announced its Ten-Year Community Reinvestment Act (CRA) Goals. At the time, it was widely praised by advocacy groups as the most comprehensive and largest commitment of its type.

''I am proud to announce that just four years into the plan, our Bank has made great progress. In terms of lending, the most significant of the goals, we have already made $349 million of CRA loans since 1993, just under seventy percent of our $500 million ten-year goal. This includes loans to low- to moderate-income home buyers, Small Business Administration loans, and loans in redevelopment and enterprise zones, among others. I believe that this is an outstanding accomplishment, especially in light of the fact that our Bank has actually declined in size over that period.

''Encouraged by our success to date, we have decided to reaffirm our commitment by expanding our original Goals. Based on our progress, we will strive to achieve our original $500 million CRA loan goal within six years, four years earlier than originally targeted. Not stopping there, we will double our 1993 goal, targeting a total of $1.0 billion in CRA loans over the original ten-year timeframe. In addition to the loan goal, we will expand our Community Advisory Board from five to ten members, and will aim for greater diversity in our use of vendors and in our philanthropic support of community organizations. Our goals are extremely challenging, but we feel they are consistent with our business plans and we will do our best to achieve them.

''Community outreach will be the key to achieving our goals, and that is why we have named our new plan the ''1997 Community Outreach Plan.'' As a start, we are in the process of creating a new CRA unit, specifically dedicated to ensuring the achievement of our goals. This new unit will concentrate on identifying ways to expand and improve our involvement with a more diverse customer base, including those with whom we have not previously established business relationships.

''Perhaps our most important effort will be in the communities themselves. Our goals can best be achieved through a cooperative effort between our Bank and the people in the communities we serve. We believe that the establishment of working relationships with minority-owned financial institutions that are already doing business in these communities will be one important aspect of our outreach efforts. In that regard, we are presently developing a relationship with a African American-owned bank located in South Central Los Angeles. In addition, we have sought and received the support of a broad range of community groups. As we develop concrete projects with these groups, we will be making additional announcements.

''In closing, I believe that our 1997 Community Outreach Plan is a mutually beneficial plan that will greatly assist all the communities we serve, while helping our Bank achieve our own business goals.''

Mr. SARBANES. Madam President, in this statement they reaffirm their CRA commitment and announce an expansion of their CRA goals. Sumitomo itself came in and said they were proud to announce that, just 4 years into the plan, the bank had made great progress. They then quote some figures of how they come close to meeting their various goals:

Encouraged by our success to date, we have decided to reaffirm our commitment by expanding our original Goals. Based on our progress, we will strive to achieve our original . . . goal within six years, four years earlier than originally targeted. . . .

They doubled their goal. So they recognize that it was working, that it was mutually beneficial. They closed by saying this ''will greatly assist all the communities we serve, while helping our Bank achieve our own business goals.''

Recently The Enterprise Foundation, which of course was founded by Jim Rouse, one of the great visionaries, in my judgment, in our Nation with respect to community development, urban planning, affordable housing, they described in a publication ''Community Reinvestment, Good Works, Good Business''—''Good Works, Good Business''—they cited programs in Florida, Missouri, Iowa, California, Nebraska, New York, Minnesota, and New Jersey as examples, cited the banks, the programs they were carrying out under CRA. And they went on to say:

Many banks have discovered that community lending is good business. These banks would continue to meet their obligations regardless of federal requirements. But others need encouragement, and CRA has proven effective at providing this. CRA has helped banks discover new markets and profit opportunities that they otherwise might have overlooked.

We had all these complaints about paperwork, overregulation. The regulators undertook a major effort to slim that down, with great success. The various banking associations, after that was completed, appraised the process through which we had gone in order to simplify and streamline this process. So it is working. It is bringing in these communities. It is drawing people into the financial mainstream. And it seems to me a reasonable requirement.

Let me make just one final point, because the point is being asserted that, well, these banks that would be exempted under the amendment offered by Senator SHELBY hold a small portion of the assets of all banks nationally. But what you have to understand is that 85 percent of all banks in the country would be eliminated from the CRA by the Shelby amendment. In six States, over 95 percent of the banks fall into this category. In nine other States, over 90 percent of the banks fall into this category. There are 30 States in which 80 percent of the banks fall into this category.

Many are rural States. CRA is often perceived as benefiting the urban areas

of our country. However, rural areas, no less than urban areas, benefit from CRA.

I ask unanimous consent to have printed in the RECORD a letter from a coalition of rural and farm groups in opposition to the Shelby amendment.

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

July 23, 1998.

DEAR SENATOR: On behalf of the undersigned organizations representing rural Americans, we are writing to express our strong opposition to legislative efforts to weaken the coverage of the Community Reinvestment Act (CRA). Our understanding is that Senator Shelby plans to offer an amendment to H.R. 1151, the credit union legislation, that is scheduled for floor action. In addition, Senator Gramm plans to offer an amendment that strikes provisions in H.R. 1151 that would ensure that credit unions provide services to all individuals of modest means within their field of membership.

The Shelby amendment would exempt banks under $250 million in assets from CRA coverage. This affects over 85% of banks nationally. For citizens in Iowa, Kansas, Minnesota, Montana, Nebraska, and Oklahoma, 95% of the banks would be exempt.

Rural Americans need the tools of the Community Reinvestment Act to ensure accountability of their local lending institutions. It is needed to prevent rural banks from abandoning their commitment to serve the millions of Americans living in smaller low and moderate-income communities. Unfortunately, small commercial banks do not automatically reinvest in their local communities. This is documented to national data on reinvestment trends and loan to asset ratios for banks across the country. 50% of small banks have a loan-to-deposit ratio below 70%, with 25% of these having levels less than 58%. The data for 1997 reveals that banks under $100 million in assets received 82% of the substantial non-compliance ratings.

We strongly urge you to oppose these amendments to H.R. 1151. The Shelby amendment ignores the important regulatory changes since 1995 that have significantly reduced the paperwork and reporting issues for small banks. The Gramm amendment will strike an important provision from the bill that for the first time would require credit unions to meet the financial services needs of their entire field of membership.

A vote against these amendments will help meet the credit demand of millions of family farmers, rural residents, and local businesses. Thank you for considering our concerns.

Sincerely,

Center for Community Change; Center for Rural Affairs; Federation of Southern Cooperatives; Housing Assistance Council; Intertribal Agriculture Council; Iowa Citizens for Community Improvement; National Catholic Rural Life Conference; National Family Farm Coalition; National Farmers Union; National Rural Housing Coalition; Rural Coalition; United Methodist Church, General Board of Church and Society.

Mr. SARBANES. That letter says, in part:

Rural Americans need tools of the Community Reinvestment Act to ensure accountability of their local lending institutions. It is needed to prevent rural banks from abandoning their commitment to serve the millions of Americans living in smaller low and moderate-income communities. Unfortunately, small commercial banks do not automatically reinvest in their local communities.

Madam President, I ask unanimous consent that a letter from more than 40 community groups with respect to CRA and with respect to both the Shelby and the Gramm amendment be printed in the RECORD as well.

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

VOTE AGAINST THE ANTI-COMMUNITY REINVESTMENT AMENDMENTS TO H.R. 1151

July 13, 1998.

DEAR SENATOR: The credit union bill (H.R. 1151) is currently scheduled for consideration by the full Senate this Friday (July 18). We understand that Sen. Shelby will offer an amendment that would have the effect of substantially curtailing coverage for banks under the Community Reinvestment Act (CRA). Additionally, Sen. Gramm is planning to offer another amendment to strike provisions in H.R. 1151 intended to ensure that credit unions serve persons of modest means within their fields of membership and consistent with safe and sound operation. We urge you to vote against both of these amendments.

CRA is a 1977 law that was enacted to combat the practice of redlining by taxpayer-backed federally insured banks and savings institutions. The Shelby amendment offered unsuccessfully in the Senate Banking Committee exempts banks with under $250 million in assets from all CRA requirements (more than 85% of all banks). Should this amendment be adopted, it would mean that the vast majority of insured depository lenders would be free to redline or otherwise discriminate with impunity against the residents of certain urban and rural geographies.

CRA is a law that works! Almost $400 billion is estimated to have been committed by banks for affordable housing, small business lending, and community development in under-served urban and rural communities since 1977. These commitments have opened up opportunities for modest income families, small firms and small family farmers to purchase a home, and start up and expand their businesses. CRA has helped to ''jump start'' the market in these under-served areas.

CRA has produced substantial benefits at no cost to the taxpayer. Former Federal Reserve Board Governor Lawrence Lindsey said that CRA accounts for billions of dollars being invested annually in low-income areas without employing a large bureaucracy. For these reasons, US News and World Report refers to CRA as an ''ideal government initiative.'' Community reinvestment lending has helped to take the place of dwindling federal resources for community development.

The Shelby amendment is a solution in search of a problem. The recently adopted CRA regulations were specifically designed to streamline the examination process for small banks and thrifts. Under the revised rules, banks and thrifts with an asset size of less than $250 million are exempt from all reporting requirements and are no longer subject to process-based documentation requirements. Instead, examiners now look at a small bank's loan-to-deposit ratio, percentage of portfolio in local loans, distribution of loans across geographies and income levels, and responses to any complaints about its CRA performance. As a result, federal regulators report that they no longer receive complaints from small banks about the examination process for CRA.

Small banks have praised the new CRA regulations, adopted in 1995. The Independent Bankers Association of America (IBAA) ''hailed the final interagency CRA rules . . . as a big step in regulatory burden reduction for community banks.'' The IBAA ''[commended the regulators for instituting a meaningful, streamlined tiered examination system that recognizes the differences between community banks and their large regional and multinational brethren.'' (IBAA, press release, April 19, 1995).

''Small Banks Give Thumbs-Up To Streamlined CRA Exams.'' This headline from the February 1, 1996 American Banker reflects the positive experience that small banks have had since the new regulations have gone into effect. For example, the same article cites the experience of one small bank after its first CRA exam under the new rules. The bank's CRA officer said, ''We are done with it, and it was definitely less burdensome. We only had one examiner . . . She got here on Wednesday at 1 p.m. and left the following day at noon . . . It was a lot less time consuming. They are not requiring a lot of documentation.''

Please do not allow this important law to be weakened. We urge you to vote against the Shelby and Gramm anti-CRA amendments.

Association of Community Organizations for Reform Now (ACORN).
Alliance to End Childhood Lead Poisoning.
Americans for Democratic Action.
Center for Community Change.
Consumers Union.
Corporation for Enterprise Development.
Employment Support Center.
The Enterprise Foundation.
The Greenlining Institute.
Housing Assistance Council.
International Brotherhood of Teamsters.
Jesuit Conference.
Leadership Conference on Civil Rights.
Local Initiatives Support Corporation.
McAuley Institute.
National Association for Community Action Agencies (NACCA).
National Association for the Advancement of Colored People (NAACP).
National Community Capital Association.
National Community Reinvestment Coalition.
National Congress for Community Economic Development.
National Council of La Raza.
National Fair Housing Alliance.
National Family Farm Coalition.
National Housing Trust.
National League of Cities.
National Low Income Housing Coalition.
National Neighborhood Housing Network.
National Neighborhood Coalition.
National People's Action.
National Puerto Rican Coalition.
Neighborhood Housing Services of New York City, Inc.
NETWORK: A National Catholic Social Justice Lobby.
Organization for a New Equality (ONE).
Ralph Nader.
Seedco.
Southern California Association of Non-Profit Housing.
Surface Transportation Policy Project.
U.S. Conference of Mayors.
U.S. Public Interest Research Group (PIRG).
Union of Needletrades, Industrial & Textile Employees (UNITE).
United Auto Workers Union (UAW).
United Church of Christ, Office for Church in Society.
Woodstock Institute.

Mr. SARBANES. Madam President, let me just very quickly focus on the credit unions only. This debate has tended to overlap both areas. It is done

by the proponents of the amendment and, of course, we have responded too, because, in part, your attitude is going to be affected by how you see CRA functioning and whether you perceive it as bringing beneficial impacts or whether you perceive it as being harmful or not. I submit there is strong evidence that it has brought significant beneficial impacts, and many of the studies have supported that.

What is being applied to the credit unions in this legislation is not the full CRA provision. But this does require the credit union regulator, the National Credit Union Administration, to review the record of each insured credit union in providing credit union services to all individuals of modest means within the field of membership of the credit union.

It would not require them to go outside of the field of membership. They could not be required to give a loan to someone who was not a member of the credit union because that is a requirement of credit unions in terms of their loan policy. But they would have to try to draw in, make an effort to draw in people who were within the field of membership. They would have to concern themselves with trying to bring both low- and moderate-income as well as the sort of very top of the line within their field of membership.

The NCUA has directed a focus on the actual performance of the credit union not to impose burdensome paperwork or record-keeping requirements. This provision included in the House bill that was sent to us has been crafted to respond to the situation of credit unions. It is an effort to encourage them to meet the financial service needs of all their members and to reach out to those in the field of membership who have not yet joined and gotten the benefit of the credit union's services.

It is really a modest proposal. It has been suggested that the credit unions are not fiercely opposing it because they have somehow or other been coerced into that position—that is certainly not my understanding—just as it has been suggested that we need to get people to talk to some of these bankers who favor the CRA.

We are told, ''Well, now we have these people who are against it. We cannot identify them because if we identify them then they are going to get into a lot of trouble.'' Well, I have people I can identify who would tell you that CRA has worked, that it has made an important impact, that the financial institution has found it not to be a burden but has found it actually to be profitable, that it has developed a better relationship in terms of their service area in terms of providing needed financial services. In effect, we are gaining public benefits from it, from an industry which received very significant public benefits in the sense of the insurance, the backup to the insurance, the Federal Government guarantee, access to low-cost credit through the Federal Reserve window and the Federal Reserve payment system.

This is enabling us to make very significant progress. The estimates in terms of the money that has gone into previously neglected communities is in the hundreds of billions of dollars. This is an effort to make capitalism work in a broader expanse, both geographically and in terms of the individuals who then are drawn in to play a part in the system.

I know some harsh language has been quoted earlier by community groups. I do not begin to try to justify or excuse that harsh language, although I must say some pretty harsh language has been used here on the floor of the Senate which I also regret. But we ought to look at this as an opportunity. This is turning into a win-win situation. It enables us then to sort of say, look, this economic system can work for everybody.

Those of you who are sort of complaining that you are shut out of this economic system, we have found ways to make this system—to open it up so it works for everybody. The institutions make a profit. They do good. They do well by doing good. People who otherwise would be fighting the system are drawn into the system. They become a part of the workings of this, of our financial structure and, therefore, become able to make a contribution to our society.

It has brought enormous benefits in so many areas of the country. As I said, the Chicago Bank says, ''It's a positive force here in Chicago. It has been the instrument that has provided millions of dollars in investment that has financed home purchases, rehabilitation, and home improvement and new construction in once underserved communities.''

That is what we are trying to accomplish.

The Shelby amendment, of course, would eliminate all of that, take us back a significant step. The Gramm amendment would prevent the extension of this concept of serving the community to the credit unions. I oppose it and I very much hope my colleagues would oppose it as well.

The PRESIDING OFFICER. The Senator from Texas has 2½ minutes.

Mr. GRAMM. Madam President, I only have a limited amount of time. Let me be quick.

No one is against community investment. Everyone is for community investment, and virtually every financial institution in America engages in it, and engages in it as much as they can in terms of prudent investments.

Our colleague talks about financial institutions taking money out of the community and then the government, through CRA, making them put it back into the community. I want to remind my colleagues that credit unions do not take money out of the community. Credit unions are voluntary organizations which people can choose to join or not to join. They cannot take money away, because they can only loan their money to their own members.

Our colleague objects to talk about being forced to grant credit, at a subsidized rate, to people that are not members of the credit union. But in three different places in the bill it requires that credit unions are ''satisfactorily,'' whatever that means, ''providing affordable,'' whatever that means, credit to the entire field of membership. Not trying to do it, not offering to, but doing it, something that clearly is open to any kind of subjective evaluation by a regulator. In fact, Senator D'AMATO has read from the Federal agency that regulates credit unions, how burdensome this is going to be.

Two final points: Our colleague quotes someone from this Sumitomo Bank, about how happy they are. Well, I think you would be saying that, too, if in 1993 you had been forced, under the CRA, to give 2 percent of your income away, to appoint people to your board that you didn't choose to appoint, to set up an advisory board and pay them, the very people who are protesting your bank under CRA, make then now a part of your organization, and, finally, if had been forced to engage in quotas. So I am not surprised that this bank is saying how great everything is now. They don't want the same people back in their place of business.

Finally, I appreciate the fact that the Senator gave us the wonderful record of the Bank of America in California under CRA, but it doesn't seem to have done Bank of America any good. I quote a CRA protester who at this moment has lodged a complaint with this financial institution against its merger with NationsBank. Despite all their good work, he says, ''We will close down their branches and assure they fail in California. This is going to be a street fight and we are prepared to engage in it.''

What tyrant in history has not claimed that he was serving the public interest when he took private property—not one ever in the history of the world.

Mr. SARBANES. Madam President, I can't control the comments of the street protester, just like I can't control the comments of some of my colleagues on the Senate floor, since this is a free country with free speech.

Mr. GRAMM. I can protect private property, and that is why I am in the Senate.

Mr. SARBANES. Madam President, I move to table the Gramm 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.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the Gramm amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Mexico (Mr. DOMENICI), and the Senator from Arizona (Mr. MCCAIN) are absent on official business.

I also announce that the Senator from North Carolina (Mr. HELMS) is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina (Mr. HELMS) would vote ''no.''

Mr. FORD. I announce that the Senator from New Mexico (Mr. BINGAMAN) and the Senator from Oregon (Mr. WYDEN) are necessarily absent.

I also announce that the Senator from Iowa (Mr. HARKIN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Iowa (Mr. HARKIN) would vote ''aye.''

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

The result was announced—yeas 44, nays 50, as follows:

[Rollcall Vote No. 236 Leg.]

YEAS—44

Akaka	Feinstein	Levin
Baucus	Ford	Lieberman
Biden	Glenn	Mikulski
Bond	Graham	Moseley-Braun
Boxer	Hollings	Moynihan
Breaux	Inouye	Murray
Bryan	Jeffords	Reed
Byrd	Johnson	Reid
Cleland	Kennedy	Robb
Conrad	Kerrey	Rockefeller
Daschle	Kerry	Roth
Dodd	Kohl	Sarbanes
Dorgan	Landrieu	Torricelli
Durbin	Lautenberg	Wellstone
Feingold	Leahy	

NAYS—50

Abraham	Faircloth	McConnell
Allard	Frist	Murkowski
Ashcroft	Gorton	Nickles
Bennett	Gramm	Roberts
Brownback	Grams	Santorum
Bumpers	Grassley	Sessions
Burns	Gregg	Shelby
Campbell	Hagel	Smith (NH)
Chafee	Hatch	Smith (OR)
Coats	Hutchinson	Snowe
Cochran	Hutchison	Specter
Collins	Inhofe	Stevens
Coverdell	Kempthorne	Thomas
Craig	Kyl	Thompson
D'Amato	Lott	Thurmond
DeWine	Lugar	Warner
Enzi	Mack	

NOT VOTING—6

Bingaman	Harkin	McCain
Domenici	Helms	Wyden

The motion to lay on the table the amendment (No. 3336) was rejected.

Mr. GRAMM. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. LOTT. Madam President, we had considered doing the memorial resolution between these votes, but we decided, after discussion with Senator DASCHLE, the most appropriate thing would be to go to this next vote and then have the memorial resolution read.

I would like to ask Senators to remain in the Chamber and take their seats so that we can hear this memorial resolution. It is not that long, but it is very appropriate. I think the Senators will like to hear it. Perhaps at that point Senator DASCHLE, who was not able to speak this morning, will want to make a statement, and others, and then we will go on to other issues.

I also want to remind Senators that at 11:50 tomorrow morning, Senators are asked to assemble in the Chamber. We will recess at that time to go en bloc to the Rotunda to pass through and around the coffins of the officers that will be there in the Rotunda. We will be back then at about 12:15, and we will go forward with legislative business. Then again tomorrow afternoon, at approximately 2:30, we will go for the memorial services beginning at 3 o'clock with the President and the Vice President in the Rotunda.

I just wanted Senators to be aware of that. So we will have the resolution read. We would like to ask you to stay, if you can, immediately following this vote. This next vote will be the last recorded vote tonight, although we may try to move to an appropriations bill. This will be the last vote tonight. The next vote will be in the morning at 10 o'clock on the Shelby amendment, followed by final passage on the credit union issue.

I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Madam President, there is an order that has been entered which would allow me to speak immediately upon the disposition of the two rollcall votes. I would ask unanimous consent that that order be moved to the conclusion of the reading of the resolution.

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

AMENDMENT NO. 3337

The PRESIDING OFFICER. Under the previous order, the Hagel amendment is now before the Senate. There are 2 minutes equally divided.

Mr. HAGEL addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. I thank the Chair.

Madam President, I am a supporter of credit unions. I have been a member of a credit union. I have been on the board of a credit union. I support the original charter for their original purpose. But if we are going to change the rules and allow tax-exempt credit unions to get more and more into commercial lending and have essentially unlimited access to new members, with the common bond being realistically eliminated, then additional safety and soundness measures are going to have to be required. My amendment strengthens the safety and soundness of credit unions with open and honest accounting. It brings some market fairness to the relationship between tax-exempt credit unions and tax-paying small community banks, and it refocuses on the original intent of credit unions—on consumer loans and services.

I encourage my colleagues to vote against tabling the Hagel-Bennett amendment. Vote no.

I thank the Chair.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. I am moving to table this amendment because we have had for years no limitations on credit unions and their loans commercially. And, by the way, with all that with no limitations, only 1.3 percent were made for commercial purposes. Now we impose 12.25 percent. We limit them. And to say that we are not doing something when we place restrictions on them and you want to go further, I think this is wrong, it is ill conceived, and that is why I will move to table.

I yield the remainder of my time.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. The Secretary of the Treasury has written to the leadership after Treasury did a thorough study of credit unions. The Secretary says, ''The bill's safety and soundness provisions would represent the most significant legislative reform of credit unions' safety and soundness since the creation of the share insurance fund.'' And then he specifically addresses business lending and says, ''The provisions in this legislation represent an adequate response to safety and soundness concerns about credit unions' business lending.''

The PRESIDING OFFICER. The time of the opponents has expired. The Senator from Nebraska has 7 seconds.

Mr. HAGEL. I yield my time back to my distinguished colleagues. They need some help with their argument.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. D'AMATO. I move to table.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the Hagel amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Mexico (Mr. DOMENICI) is necessarily absent.

I also announce that the Senator from North Carolina (Mr. HELMS) is absent because of illness.

I further announce that if present and voting, the Senator from North Carolina (Mr. HELMS) would vote ''no.''

Mr. FORD. I announce that the Senator from New Mexico (Mr. BINGAMAN) and the Senator from Oregon (Mr. WYDEN) are necessarily absent. I also announce that the Senator from Iowa (Mr. HARKIN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Iowa (Mr. HARKIN) would vote ''aye.''

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

The result was announced—yeas 53, nays 42, as follows:

{Rollcall Vote No. 237 Leg.}

YEAS—53

Abraham	Dorgan	Lautenberg
Akaka	Durbin	Levin
Baucus	Faircloth	Lieberman
Biden	Feingold	Mikulski
Boxer	Feinstein	Moseley-Braun
Breaux	Ford	Moynihan
Bryan	Glenn	Murkowski
Bumpers	Gorton	Murray
Burns	Grassley	Reed
Campbell	Hatch	Reid
Chafee	Hollings	Roth
Cleland	Inouye	Sarbanes
Collins	Johnson	Snowe
Conrad	Kempthorne	Specter
Coverdell	Kennedy	Stevens
Craig	Kerry	Torricelli
D'Amato	Kohl	Wellstone
Dodd	Landrieu	

NAYS—42

Allard	Grams	McConnell
Ashcroft	Gregg	Nickles
Bennett	Hagel	Robb
Bond	Hutchinson	Roberts
Brownback	Hutchison	Rockefeller
Byrd	Inhofe	Santorum
Coats	Jeffords	Sessions
Cochran	Kerrey	Shelby
Daschle	Kyl	Smith (NH)
DeWine	Leahy	Smith (OR)
Enzi	Lott	Thomas
Frist	Lugar	Thompson
Graham	Mack	Thurmond
Gramm	McCain	Warner

NOT VOTING—5

Bingaman	Harkin	Wyden
Domenici	Helms	

The motion to lay on the table the amendment (No. 3337) was agreed to.

Mr. D'AMATO. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

HONORING THE MEMORY OF DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT OF THE UNITED STATES CAPITOL POLICE

Mr. LOTT. Mr. President, on behalf of myself, the Democratic leader, and the entire Senate membership, I send a Senate concurrent resolution to the desk regarding the fallen U.S. Capitol policemen. And I ask unanimous consent that the Senate proceed to its immediate consideration, and ask that the clerk read the resolution in its entirety.

The PRESIDING OFFICER. Without objection, the clerk will report and read the concurrent resolution.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 110) honoring the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police for their selfless acts of heroism at the United States Capitol on July 24, 1998.

Whereas the Capitol is the people's house, and, as such, it has always been and will remain open to the public;

Whereas millions of people visit the Capitol each year to observe and study the workings of the democratic process;

Whereas the Capitol is the most recognizable symbol of liberty and democracy throughout the world and those who guard the Capitol guard our freedom;

Whereas Private First Class Jacob ''J.J.'' Chestnut and Detective John Michael Gibson sacrificed their lives to protect the lives of hundreds of tourists, staff, and Members of Congress;

Whereas if not for the quick and courageous action of those officers, many innocent people would likely have been injured or killed;

Whereas through their selfless acts, Detective Gibson and Private First Class Chestnut underscored the courage, honor, and dedication shown daily by every member of the United States Capitol Police and every law enforcement officer;

Whereas Private First Class Chestnut, a Vietnam veteran who spent 20 years in the Air Force, was an 18-year veteran of the Capitol Police, and was married to Wen Ling and had five children, Joseph, Janece, Janet, Karen and William;

Whereas Detective Gibson, assigned as Rep. Tom Delay's bodyguard for the last three years, was an 18-year veteran of the Capitol Police, and was married to Evelyn and had three children, Kristen, John and Daniel;

Whereas Private First Class Chestnut and Detective Gibson were the first United States Capitol Police officers ever killed in the line of duty;

Whereas Private First Class Chestnut and Detective Gibson, and all those who helped apprehend the gunman, assist the injured, and evacuate the building, are true heroes of democracy, and every American owes them a deep debt of gratitude: Now, therefore, be it

Resolved by the Senate, (the House of Representatives concurring), That—

(1) Congress hereby honors the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police for the selfless acts of heroism they displayed on July 24, 1998, in sacrificing their lives in the line of duty so that others might live; and

(2) when the Senate and the House of Representatives adjourn on this date, they shall do so out of respect to the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut.

The Senate proceeded to consider the concurrent resolution.

Mr. DASCHLE. Mr. President, I want to extend my deepest sympathy to the families of Officer J.J. Chestnut and Detective John Gibson, and to the many friends that they leave, particularly their brothers and sisters in arms, the members of the United States Capitol Police. Our hearts ache for them as they struggle with their staggering loss.

Like many Members of Congress, I was headed home Friday afternoon when Officer Chestnut and Detective Gibson were slain. I was in the airport in Minneapolis, changing planes, when I first learned of what had happened. I was shocked and sickened and saddened.

Throughout the airport, wherever there was a TV, people crowded around it to watch the news, and try to understand.

At home in South Dakota this past weekend, I spoke with countless people who told me how terribly sad they are about the deaths of these two brave men.

In that airport, in South Dakota and across our nation, Americans understand that Officer Chestnut and Detective Gibson sacrificed their lives to guard and protect something that is sacred to all of us.

This Capitol truly *is* ''the people's house'', a symbol of freedom and democracy, recognized the world over.

That is one of the reasons Officer Chestnut and Detective Gibson loved it so, and were so proud to work here.

It is difficult, unless you have worked here, to understand what a close-knit family the Capitol community is. We come to work every day, pass each other in the halls. We ask about each others' families, joke with each other.

And today, we try to comfort each other.

Whenever you suffer a death in the family, as we have in the Capitol Hill family, there is at first a sort of unreality about it.

That is especially true when the person is taken suddenly, or too young, as Officer Chestnut and Detective Gibson were.

But then, you come to where they should be and there is a hole in the world and you begin to understand that it's true.

Coming back to work today, we have all experienced that void.

Inside the Capitol, another officer stands where Officer Chestnut should be.

And the door over the House Majority Whip's office, where Detective Gibson was stationed, is draped in black bunting.

Everywhere, the voices are quieter than usual. Tears rim the eyes of many people. Outside, the flag over the Capitol flies mournfully at half-staff.

Below it, on the white marble steps, lay flowers and cards left by a grateful public to honor two fallen heroes.

Then, there is perhaps the saddest sight of all: the black bands stretched like a gash over the badges of the Capitol Police officers.

These are the inadequate tributes we pay to these two extraordinary men whose professionalism, courage and selfless dedication last Friday afternoon surely saved many innocent lives.

But the real tribute is not what is different about the Capitol today. The real tribute is what is the same.

The halls of ''the people's house'' are filled today—as they are every day—with vacationing families, school children, Scout troops and thousands of others who have come to see their government in action. They walk these majestic halls and marvel—as they do every day—at the beauty of this building, at its history and its openness.

That is the real tribute to Officer Chestnut and Detective Gibson.

Because they made us feel so safe, we may not have understood fully the risks they took each day when they put on their badges and came to work. But they understood.

They knowingly risked their lives because they loved this building and

what it represents, and they wanted others to be able to see their government at work.

Among the bouquets on the steps outside is a handmade tribute: a collage of a silvery cross on black paper. Glued across the top of the collage is the headline from S aturday's newspaper. It reads ''2 Slain Officers Remembered, Called Heroes.''

Today, as we struggle to accept that loss, we offer our condolences and thanks to the men and women of the Capitol Police Department especially those who were at work last Friday afternoon and who reacted with such selfless professionalism as well as those who worked through the weekend so that ''the people's house'' could remain open to the people.

We can only imagine how awful these days are for you, and how difficult it must be for you to be here.

We are proud to work with you, and deeply grateful to you for your courage and dedication.

Above all, our thoughts and prayers are with the families and friends of Officer Chestnut and Detective Gibson. May God comfort them and ease their terrible anguish.

Tomorrow, we will put aside our normal schedule in order to pay our final respects to Jacob Joseph Chestnut and John Gibson.

Their bodies will lie in honor in the Rotunda, surrounded by statues of other American heroes. That is as it should be, for they truly are heroes. They gave their life for their country and, in doing so, saved the lives of countless others. We are in awe of their sacrifice, and we are grateful to them beyond words.

Ms. MIKULSKI. I also want to voice my sorrow and the sorrow of the people of Maryland following the tragic events on Friday, July 24.

And I rise in tribute to the heroic acts of Officer Jacob ''J.J.'' Chestnut, from Ft. Washington in my home state of Maryland, and special agent John Gibson, of nearby Woodbridge, Virginia, who gave their lives to protect the U.S. Capitol and its residents, to protect this building that is the symbol of freedom and democracy the world over.

No words can adequately express my pain and outrage at the senseless killings that took place at 3:40 on Friday. No words can adequately comfort those who were emotionally and physically injured, nor relieve the pain of the families who lost loved ones. No words can erase the horror of the Weston family upon learning that their son may have committed this horrific act. And no words can adequately express the sorrow that millions of Americans feel today about this assault on our nation's heritage and democratic institutions.

However, words can be used to remember and applaud the lives and heroism of Officer Chestnut and Detective Gibson. And I want to add my voice to the call today to remember those brave men and commend all the Capitol Hill police officers who put their lives on the line to protect democracy. And I want to add my voice to the call to ensure that the People's House remains open to the people, while preserving the safety of those who work and visit this great institution.

Many of my colleagues know how indispensable and brave the Capitol Hill Police Officers are, but many other Americans learned of these brave troops just on Friday. Let me tell you what I think many people didn't really know until Friday: what a Capitol Hill Police Officer does and what makes them so special.

These men and women are some of the most unique officers in the country. First, they are excellent federal law-enforcement officials who protect members of Congress from crooks, terrorists, or anyone else who would want to harm us and they also protect all the people in the building, whether it's a foreign dignitary, like Mr. Mandela, or a girl-scout troop from Iowa. Second, they are also ''Officer Friendly''—welcoming people and answering questions and many have taken special language training to help visitors from around the world. Third, many are also trained for other possible emergencies: to provide basic paramedic help in the case of an ill tourist, or to provide basic fire-fighting and help evacuate buildings in the case of fires.

These police are like our own ''Cops on the Beat.'' Many of the officers are assigned a primary beat, which means they get to know particular members and our hours and our staffs; the regular delivery people; and others. They know who are the usual folks coming in and can then detect anyone who is strange, or who is acting strange. So, just like thousands of towns across the country, Capitol Hill has its own community policemen. They have a beat, they get to know us, and we get to know them.

And if you're on the beat, you get to know the officers on your beat. We talk about the Orioles. We talk about their families. There is always the proud dad. The one who's getting off early because his daughter is going to a prom and he's chaperoning. Or one who is the first in her family to get her college degree.

They also get to know us. We talk to them about our own families. I know when my own mother was ill and we thought she needed surgery, they volunteered to organize a blood drive if I needed it. They told me that I never had to worry, that if I needed extra people to come to Baltimore, they would. They just said, ''Don't worry, Senator Barb, we'll be there for you.''

Finally, so many of the Capitol Hill Police Officers are my Maryland constituents, just like J.J. Chestnut. So, I'd hear if the fishing was good down in Southern Maryland, or if the traffic was congested. Officer Chestnut was from Ft. Washington in Prince Georges County. It's close to the Potomac River, and it is where a lot of our officers live. Where they can have a wonderful family life, fish in the Potomac, or, as I've learned about Officer Chestnut, tend a wonderful vegetable garden. Officer Chestnut was always one of the stars—trained as an MP in the military, he'd been with the Capitol Police for eighteen years and was known for having a unique touch with tourists and constituents. We were very proud of him and that he was even nominated at one time for Capitol Police Officer of the Year.

And I know how proud we were of Detective Gibson as well. He was from just across the River in Virginia, and was also a star and a hero. From helping tourists to protecting dignitaries, Detective Gibson always made the safety of others his top priority. I know he was a true hero on Friday, when he stopped the gunman from entering further into the building.

The Capitol Hill Police Officers are our hi-touch, hi-tech community police officers and we are very, very proud of them. And we are profoundly grieved at the passing of two of that force's brightest lights, Officer Chestnut and Detective Gibson.

My heart and prayers go out to their families, as they cope with their overwhelming loss. And my heart goes out to the family of the suspect, Mr. Weston. From everything I've seen and heard, Mr. Weston was mentally ill. From interviews I've seen, the Weston family is a good family and his mom and dad are absolutely grief-stricken at the thought that their son could have done such a terrible, terrible act and our thoughts and prayers should be with them, as well today.

Mr. President, I know the entire Senate joins me in saying that this act was a horror and that no family, no nation should have to endure the pain we feel today. I know that we will honor them tomorrow in a service befitting heroes because, Madam President, they were heroes. Giving their lives so that others might be safe is the ultimate act of heroism. We know that Officer Chestnut and Detective Gibson are heroes for today and all eternity.

Madam President, I hope that as we respond, we are very careful to ensure that the public access continues to be granted here. We need to ensure that what they died for, which was defending not only the building, but what the building stands for, so that the public can always come see us doing our work while they so valiantly did their work. I thank the Chair and my colleague, the senior Senator, for yielding me this time.

I yield the floor.

Mr. WARNER. Mr. President, on Friday, two veteran Capitol Police Officers were killed in the line of duty during a tragic attack in the United States Capitol. Their sacrifice in performance of duty will forever be remembered in the halls of the United States Congress.

Tomorrow in the Rotunda of the Capitol, we will memorialize the bravery

and sacrifice of these two officers—the first Capitol Police Officers to be killed in the line of duty.

Officer ''J.J.'' Chestnut was 58 and the father of five children. He was a grandfather and a 20-year veteran of the United States Air Force with service in Vietnam. Officer Chestnut was a member of the Capitol Police Force for 18 years.

Special Agent John Gibson was 42 and the father of three children. He was an 18-year veteran of the Capitol Police Force who served as a Special Agent assigned to House Majority Whip, TOM DELAY for the last three years.

To the families of these men, we extend our deep and heartfelt sympathy during this very difficult time. The Capitol Hill community has lost two respected and brave defenders of democracy.

To the fellow officers of these fallen heroes, you have our unqualified support as daily you carry your duties to protect the halls of freedom. Your dedication and service to the Nation is deeply appreciated.

Indeed, all Americans are indebted to Officer Chestnut and Special Agent Gibson for their devotion to duty and their sacrifice in the defense of freedom.

Mr. President, as chairman of the Rules Committee, I also had the opportunity over the weekend to maintain close contact with those here under the direction of our distinguished majority leader and minority leader, notably the Sergeant at Arms and the chief of police. I wish to commend them in the manner in which they very quickly took charge of this tragic situation and, once again, reopened the people's house—that is what this magnificent structure is—so that the people from the United States, people from all over the world, can continue to come and share the magnificence of this edifice.

A great debt of gratitude is owed, of course, especially to these two officers and to their families. As I look into their eyes of the men and women who guard the Capitol, each day, I silently express my gratitude, for we couldn't have 32,000 visitors as we did the day before and probably in the day to come, who could walk through these magnificent halls with a sense of safety and confidence—we couldn't have that without the dedicated service of our Capitol Police. Nor could the business of the Congress itself take place without their taking a risk every minute of the day and night that this edifice is open for the people's business.

I also thank the medical department. They responded and were on the scene within less than 2 minutes. I went down to personally express my appreciation and their reply to me was, we are there, we did our duty like everyone else, and we are delighted to be a part of this team that functions to make this magnificent organization and this building serve the people of this country and, indeed, stands as a symbol to the whole free world.

I thank the Chair and I thank my distinguished colleague.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I wish to join briefly in the comments that have been made. The heroism of the two slain officers will be a permanent memorial to the hundreds of others, the thousands, the tens of thousands of others here and across our land who daily put their lives at risk so we can live as free and secure people.

The greatest testimony that we could give to these two brave men would be to continue the practice of openness in this Capitol. Our democracy depends upon a very special relationship between the people and those who are fortunate enough to be their representatives. We must not break that bond. We must be prudent in our actions, but not closed in our demeanor toward the thousands of citizens who come here on a daily basis to observe their democracy.

So I join in the comments that have been made by our leaders and extend our heartfelt sympathy to those families who have been so tragically ruptured by this senseless act.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, the nation was stunned as we learned of the tragic deaths of John Gibson and J.J. Chestnut, two veteran officers of the Capitol Police who lost their lives in the line of duty in the tragic and senseless shootings last Friday. The extraordinary dedication and heroism of these two courageous officers clearly prevented greater loss of life in the Capitol, and I join all Americans in mourning their deaths.

These brave men represented the very finest traditions of American law enforcement. They protected a building—the nation's Capitol—and in doing so they were also defending our democracy. Unless citizens can come freely into the Capitol building and meet with their elected Senators and Representatives, our democracy and our freedoms are greatly diminished. Special Agent Gibson and Officer Chestnut understood this, and with professionalism and dedication, they served Congress well and served the country well too.

It is fitting that these two brave men will lie in state tomorrow in the Capitol building where they gave their lives. They made the ultimate sacrifice to protect us, and we will forever owe them and their families a debt of deep gratitude.

Our thoughts and prayers go out especially to the Gibson and Chestnut families. My family too has suffered the sudden loss of loved ones, and I know that there is no greater tragedy, no greater sadness for a family.

Special Agent Gibson is a son of Massachusetts, and we were all especially proud of him. He loved his family, his country, his church, and his Capitol. Our hearts go out to his wife Lynn and his three children during this very difficult time of loss.

Officer Chestnut, too, was well known by anyone who entered the Document Room door. He was always friendly to everyone, and was a consummate professional in the conduct of his duties. I join Wendy and the rest of Officer Chestnut's family in mourning his loss.

We cannot help but be angry at the senseless act that led to the death of these two extraordinary officers. One minute, the Capitol building is full of the people's business—with debates and meetings and visitors from across the country in this great and open symbol of our free government. The next minute, the nation was shocked to learn the news that a man who had no business possessing a handgun had taken the lives of these officers in two brutal acts that shocked the conscience of Congress and the country.

In the days ahead, we will consider what steps may be taken to ensure a secure—and yet open—Capitol. I hope Congress will also consider further actions to keep guns out of the hands of those who so easily misuse them. As we saw on Friday, our failure to do so leads to tragedy far too often.

The Gibson and Chestnut families know that all of us in Congress embrace them at this sad time. The nation loves them. We are grateful for their extraordinary service, and saddened by their tragic sacrifice.

Mr. President, on Saturday, at Andrews Air Force Base, President Clinton spoke eloquently and movingly about the loss of these two brave officers. I ask unanimous consent that his remarks be printed in the RECORD at this point.

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

REMARKS OF PRESIDENT CLINTON, JULY 25, 1998

Good morning. The shooting at the United States Capitol yesterday was a moment of savagery at the front door of American civilization. Federal law enforcement agencies and the United States Attorneys' office are working closely with the D.C. Police and the Capitol Police to ensure that justice is pursued.

Meanwhile, I would ask all Americans to reflect for a moment on the human elements of yesterday's tragedy. The scripture says ''greater love hath no man than this, that he lay down his life for his friends.''

Officer Jacob ''J.J.'' Chestnut and Detective John Gibson laid down their lives for their friends, their co-workers and their fellow citizens—those whom they were sworn to protect. In so doing, they saved many others from exposure to lethal violence.

Every day, a special breed of men and women pin on their badges, put on their uniforms, kiss their families good-bye, knowing full well they may be called on to lay down their lives. This year alone 79 other law enforcement officers have made the ultimate sacrifice. Every American should be grateful to them, for the freedom and the security they guard with their lives. And every American should stand up for them and stand against violence.

Officer Chestnut was a Vietnam veteran, a member of the Capitol Police for 18 years, just months away from retirement.

Detective Gibson was a deeply religious man, beloved by his co-workers and, being from Massachusetts, devoted to the Red Sox and the Bruins.

Both leave behind loving wives and children, the affection of neighbors, friends and co-workers, and the deep gratitude of those who are alive today because of their bravery.

In this one heartless act, there were many acts of heroism, by strangers who shielded children with their bodies, by officers who fanned across the Capitol, by Dr. Bill Frist, a renowned heart surgeon before his election to the Senate from Tennessee, who had just put down his gavel, when he rushed to tend the injured.

To all these and others, who stood for our common humanity, we extend the thanks of our nation.

To the families of Officer Chestnut and Detective Gibson, nothing we say can bring them back. But all Americans pray that the power of a loving God, and the comfort of family and friends, will with time ease your sorrow and swell your pride for loved ones and the sacrifice they made for their fellow citizens.

To Angela Dickerson, the young woman who was injured in the shooting, we extend our prayers and hope for your speedy recovery.

To every American who has been shaken by this violent act, to the millions of parents who have taken your children through those very same doors, I ask you to think about what our Capitol means. All around the world, that majestic marble building is the symbol of our democracy and the embodiment of our nation. We must keep it a place where people can freely and proudly walk the halls of their government. And we must never, ever take for granted the values for which it stands, or the price of preserving them.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have been honored to serve here in the Senate for 22 years. I have to say that, to a person, our Capitol Hill Police are terrific human beings; to a person, they are dedicated to their jobs and they want to do the best they can. Frankly, without them, I think this place would not run anywhere near as well as it does. To a person, those of us who knew John Gibson and J.J. Chestnut have to say these are two of the finest who have ever served on Capitol Hill. These are people for whom everybody should have a sense of deep gratitude. They gave their lives as a last full measure of devotion so that many others might live.

It is a shame that we have people who violate the law and who may be emotionally disturbed and do things like this. And it is an absolute catastrophe and tragedy for the families of these two fine men. Our hearts go out to them. Elaine and I have them in our prayers, as I know other Members of Congress and Members of the Senate do as well. These were two fine men—always courteous, always looking out for not only the Members as they came in and out of those doors and in and out of the Capitol, but for every citizen who came to the People's House time after time—and millions of them do. Both of them had long tenures here and both served every day of those tenures with distinction.

Mr. President, I want to personally express my gratitude to these men for the sacrifice they have made, and to their families for the sacrifice that they have made. I am sure the families will be taken care of. I hope we will do some good for them and that they will realize how deeply we all feel about the sacrifice that these two brave men gave for us.

Mr. President, this is one of the great spots on this Earth. It is visited by millions of people. It means so much to those of us who serve in this building. We are vulnerable to people who are emotionally disturbed or who may be terrorists. We are vulnerable to people who are insensitive to the needs of those who serve here. On the other hand, every one of us feels it to be such a privilege to serve in these two great bodies, in this separate branch of government that means so much to the people. We could not serve very well, nor could we accomplish very much if it weren't for the sacrifices of all of our people here on Capitol Hill who work so hard—like John Gibson and J.J. Chestnut.

Again, Mr. President, I pray to our Father in Heaven that the families of these two heroes will be comforted and cared for. As a Nation, we are deeply grateful for their service. God bless those who remain that we all might keep in remembrance the sacrifice of these two fine men.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, this is a special moment in the history of this body. I wanted to be heard for a very brief moment on what happened in the last few days here in this building. I guess it is customary, when you work in a building for many years, to get used to it and not to be stirred by it, but not this building. For 16 years, it has been my honor to serve in the House and the Senate, and I can tell you that as I walk up to this building still in daylight, or in the middle of the night, it still has a special impact on me, as it does on so many Americans. There have been those who have come before us, and my colleague from West Virginia, who is a historian of this body, remembers, I'm sure, better than most that when President Lincoln was engaged in the Civil War, we were in the process of building the great white dome that we now see on the top of this Capitol Building.

People came to him, and said, ''Mr. President, we can't continue this construction. We have a war to fight.'' He said, ''No. We will continue this construction. We will build this dome during the war as a symbol of what this Nation will be after the war; that it will be united again; and that this building will be the symbol of that unity.''

President Lincoln had it right. As you reflect on this building and what it means to so many of us, you have to also reflect on its history.

This is not the first act of violence in this building. It is not the first time that lives were lost, or that blood was shed.

The British invaded this building and came up the spiral staircase. During the Civil War, the Union troops who had been felled in battle were brought here and laid in the Rotunda in a hospital where they were treated. In the 1950s, a group of terrorists took control of the Chamber of the House for a few brief minutes, firing pistols on the floor and injuring people. In 1983, just outside this Chamber, there was a bomb that was detonated late at night. We have never discovered the cause of that bombing. And then, of course, the tragic incident which occurred last Friday involving one very troubled, disturbed individual who took two lives and injured another person.

I guess each of us who walk in the door of the Capitol each day take for granted the warm greeting and the smile from the Capitol Police, and forget that it is more than just a responsibility to greet. It is a responsibility to protect that brings them to this building. Like so many Senators, I came to take that for granted. You think it is always going to be safe and that they will never need to take the pistols from their holsters, or use them. And yet last Friday that all changed.

When I came to this building today and walked in the entrance and saw the Capitol policeman at his post, I looked at him in a different way, understanding that he was doing more than just his duty. He was protecting me and thousands of others who come to this building.

In behalf of John Gibson and Mr. Chestnut, J.J. Chestnut, my sympathies go out, on behalf of the people of Illinois and all of my friends and my staff, to their families. To think that they have left behind eight children who now should be cared for, and I hope all of us will join in that effort to make certain that that occurs—and that their family goes through this period of mourning understanding that they do not stand alone, that we stand with them shoulder to shoulder in gratitude for what they have given us. Because what they have given us is something we all hope to bring to this building—to bring more honor to this building, to the people who work here, and to the great tradition in history of the U.S. Capitol. We do it in our daily activities, in our speeches, in our conduct. What these men have done is to give their lives in the service to that great tradition and that great history.

There will be another time and another place when we will talk about how this tragedy might have been averted with better security measures, or better efforts in terms of the control of guns, or keeping guns out of the

hands of those who should not have them. But let's save that debate for another day. Let us close this debate with fond memory of the contributions made by these two men, and with gratitude not only to them but to all of the men and women who protect our lives in law enforcement, and particularly those on the Capitol Hill Police Force.

Mr. THURMOND. Mr. President, I rise today to join my colleagues in expressing their shock, dismay, and most significantly, sorrow at the tragic events that unfolded not far from this chamber last Friday.

The killing of a police officer is always a disturbing event as a mortal attack on a law enforcement officer is also an attack on society at large. After all, it is those men and women who are sworn law enforcement officers who stand between the law abiding citizens of the United States and those elements within our society that seek to do harm. Being any sort of law enforcement officer is a thankless job fraught with danger, two facts that it is sometimes easy to forget.

The deaths of Capitol Police Officers Jacob Chestnut, known as J.J., and John Gibson not only remind us of just how dangerous a profession law enforcement is, but also of the admiration we have for those who protect us. What makes their deaths all the more disturbing is that they were attacked in the United States Capitol, a place that is more than an office building; it is a symbol of our Nation. What makes their deaths all the more saddening is that being of close interaction each of us has with Capitol Police Officers, we have come to think of these men and women as much more than simply protectors, we have come to view them as friends.

Since its founding in 1828, the United States Capitol Police and its officers have worked, largely in anonymity, to protect Members of Congress, their staffs, the Capitol, and all those who visit this magnificent building. They are a force that carries out its responsibilities professionally and effectively, and they manage to bring credible security and protection to one of the most publicly accessible places in the world. Last Friday, fate forced Officers Gibson and Chestnut to shed their anonymity in the most tragic and brutal of manners, but the manner in which they put duty and aiding others above personal safety is a credit to not only each of them, but to all the members of the United States Capitol Police. The members of the South Carolina Congressional Delegation feel a special sense of grief as ''J.J.'' Chestnut was both a native of Myrtle Beach, South Carolina and a 20-year veteran of the United States Air Force who retired as a Master Sergeant

Many have likened Capitol Hill to a small town, as this is a place where people know each other, stop to talk, and where there is true sense of congeniality and hospitality. That spirit is certainly evident in the outpouring of grief, support, and sympathy we are seeing for these two slain officers. Sadly, no amount of expressed condolences or high praise will bring these two brave men back to their families and loved ones. I thin, however, that each of us hopes that these expressions will convey the high regard we hold for these two men, and our inexpressible gratitude that Officers Chestnut and Gibson were on duty. Their actions truly saved the day and they will no doubt forever be remembered as ''heroes.''

Mr. HOLLINGS. Mr. President, as with everyone in Congress and the nation, my thoughts today are with the victims of Friday's shooting and their families. And like many of my colleagues, I wish to pay tribute to the heroism of Capitol Police officers Jacob Chestnut and John Gibson and to mourn their passing.

This is a terrible time for the Congress and the nation. It reminds me, Mr. President, of having to write the families of dead comrades in World War II. How does one summarize the achievements and meaning of two lifetimes in a short letter or brief remarks? How does one do justice to men who gave the last full measure of devotion that others might live? Consoling the families of the dead and doing justice to the ultimate sacrifices and nobility of heroes is never easy. It is particularly hard in time of peace, when we take our safety and security for granted.

But even in peace time, Mr. President, unfathomable evil exists and threatens to shatter our security at any moment. Officers Chestnut and Gibson knew that the price of our safety here in the Capitol was their unceasing vigilance; and they showed us that even in peace time, the heroism of brave and selfless individuals like them often is all that enables us to live in freedom and work in safety. It is easy to forget this; but we must not forget, and Friday's events ensure that we will not forget. Officer Chestnut, a South Carolina native who served with distinction in the Air Force for many years, would not want us to forget. He knew the price of freedom, and he was willing to give his life for his fellow citizens.

Who knows how many lives officer Gibson saved by confronting the gunman, Russell Weston, outside the office of Representative TOM DELAY? Who knows how many tourists and staffers would have died were it not for the bravery and heroism not only of officers Gibson and Chestnut but of all the Capitol Police?

Friday's shootings were a reminder that all of us who live and work on Capitol Hill owe an unpayable debt to the Capitol Police. The brave men and women of that force put their lives on the line for us every time they put on a uniform. It is their job to stand between us and harm's way, and they perform it with unceasing devotion and consummate professionalism. We should all give thanks to God that we are protected by these officers. And we should realize that it is thanks to their zealous devotion to duty that we live in freedom from constant fear and danger.

For those of us who see the Capitol Police every day, it is easy to forget they are fathers and mothers, sons and daughters. Officers Chestnut and Gibson were not only exemplary guardians of the public safety—they also were dedicated and loving family men. Each leaves behind a wife and three children. These shattered homes are the legacy of one lunatic's senseless violence.

Jacob Chestnut and John Gibson's heroic deaths are all the more painful for the loss their families will forever feel. We whom they died to protect can only hope that the nobility of their sacrifice and the priceless ideal for which they gave their lives—not us, but freedom and democratic government—will be of some small comfort to their families.

I join with all Americans today in offering my deepest thanks to these men, my condolences to their families, and my promise that their sacrifice will not be forgotten.

Mr. CAMPBELL. Mr. President, today I pay tribute to two Capitol Police officers, two heroes, who last Friday gave their lives in the line of duty while serving their country, Detective John Gibson and Officer Jacob Chestnut.

Last Friday's shocking and senseless violence in the halls of the U.S. Capitol both saddened our nation and took the lives of two of our finest. I would like to take a moment to share a few memories and thoughts about the two slain officers.

About a month ago, in late June, I had the chance to start a new friendship with a good man. I had the pleasure to get to know John Gibson, not just as a able and dedicated detective, but also as a gentleman and dedicated family man.

During our time together, I learned that we shared common values and a similar hobby. As a former deputy sheriff myself, it quickly became evident that Detective Gibson and I shared an understanding of the daily perils facing law enforcement officers.

Detective Gibson and I also discovered that we both shared the rather unique hobby of collecting police patches. In fact, just last month I sent him several police arm patches from Colorado to add to his collection as a small token of my appreciation for his dedicated service.

I understand that it was Detective John Gibson's final shot, his final act as a defender of the peace, that brought the gunman down and ended the violent rampage. The Detective's steadfast valor, while already having been shot several times, was the difference that saved many lives. We all owe him a deep debt of gratitude.

Officer Jacob Chestnut was posted at the Document Door entrance on the Capitol's East Front. Officers posted to

this entrance are the first faces that many tourists see when they come to visit the Capitol. Officer Chestnut's post, which involves achieving a delicate balance between the ensuring safety of those who visit the Capitol while keeping the People's House as free and open as possible, requires a very special combination of hospitality, humor, patience and professionalism. To his credit, Officer Chestnut excelled in this endeavor.

If it had not been for the heroic actions of these two brave officers, this dangerous gunman would almost certainly have killed many more innocent people. The officer's ultimate sacrifice saved lives. I extend my deepest sympathies to the families of these two fallen heroes.

This building, the U.S. Capitol, is far more than just a building, it is a living monument to freedom and democracy. It is perhaps the only building on earth that simultaneously houses a healthy democracy at work, while standing as a tribute to freedom that attract millions of visitors from all over the U.S. and the entire world each year. The chambers, galleries and halls of our Capitol are full of statues, busts, paintings and displays that commemorate heroes and key events in our nation's history. The men and women honored under this magnificent dome have served their country in a wide variety of ways. Some have been great visionaries and statesmen. Some have been leaders in science or adventurers, like Colorado's son, astronaut Jack Swaggered whose statute stands in these halls. Each of these heroes has contributed and sacrificed in his or her own very real and personal way.

Some of these heroes have made the greatest sacrifice for their nation, giving their lives. Detective John Gibson and Officer Jacob Chestnut have joined this honored rank. They gave their lives for their nation while protecting our nation's Capitol, and it is fitting that they will lie in honor in the Capitol's Rotunda while a grateful nation pays its respects.

Not only is the Capitol the American people's house, it stands as a bright beacon of hope to all of the world's freedom loving people. While traveling this building's halls, I have been regularly awed by the comments of visitors from other countries as they comment in astonishment how open and free this building is. They state how they would never be allowed to walk so freely through the halls of their own capital buildings back home in their respective countries. This is an important part of what makes America great.

Whenever I have heard such sentiments, I am reminded of just how fortunate I am, and we all are, to be Americans. Our Capitol is the People's House, and it must remain open and accessible to all.

Thanks to the sacrifices of Detective John Gibson and Officer Jacob Chestnut, and the dedication and professionalism of the entire U.S. Capitol Police force, our nation's Capitol building is freely accessible and continues to serve as a beacon of freedom.

Mr. GLENN. Mr. President, today, we mourn the loss in our Capitol family of two brave men who gave their lives in service to our nation.

Last Friday, in a running gun battle, United States Capitol Police Officer Jacob J. Chestnut and Detective John M. Gibson were killed in the line of duty.

Mr. President, each of us who works in the Capitol feels a kinship to and a deep appreciation of the officers of the U.S. Capitol Police. We know that our lives are protected each and every day by the work that they do. In the twenty-four years that I have served Ohio as Senator, I have come to know many of the fine officers on the force. A former member of my staff is currently a member of the force and other staff members have officers among their immediate family members.

This highly trained and professional force polices our nation's Capitol and performs numerous law enforcement duties as they monitor the entrances of our buildings, ensure the safety of the millions of tourists who visit the Capitol each year, and provide a kind word and a watchful eye as we come and go. These officers go about their duties with dedication and great skill.

In a senseless, momentary act of violence, these fine officers gave their all. They gave their lives in the defense of all who visit and work here. Mr. President, we may never understand why such a tragedy occurred in our halls last Friday afternoon. Despite this lack of comprehension, we will always be certain that J. J. Chestnut and John Gibson fulfilled their responsibilities to our nation and will be remembered as heroes.

I think that it is a fitting tribute that these officers will lay in state in the Capitol tomorrow, an appropriate commendation for the selfless sacrifice that they gave in the performance of their duties. My wife, Annie, joins me in extending my deepest sympathy to the families of Officer Chestnut and Detective Gibson.

Mr. THOMPSON. Mr. President, I want to join my colleagues in expressing my sincere condolences to the families of the two Capitol Police officers who gave their lives last Friday defending the Capitol and all of us who work here, as well as the many Americans who come here from around the country to see their government in action.

Officers J.J. Chestnut and John Gibson are American heroes in the truest sense of the word. Their actions last week unquestionably prevented a terrible tragedy from becoming even more deadly. I know I speak for every member of Congress in expressing my respect and gratitude to them, their families, and their colleagues on the Capitol Police force.

At the first sign of trouble, Officers Chestnut and Gibson acted on instinct, doing what they were trained to do and saving lives in the process. When an event like this happens, I think many of us react according to instinct, and our instincts differ depending on the varying experiences we've had.

As most people know by now, my colleague from Tennessee, Senator FRIST, also acted on instinct when he heard the news of Friday's shootings. Upon returning to his office from speaking on the Senate floor and learning what had happened, Senator FRIST immediately called the Capitol physician's office to see if they needed assistance, and then rushed over to the scene of the shootings to lend a hand however he could. He assisted in treating one of the two fallen police officers, administered CPR, made sure that he made it safely to a waiting ambulance—and then went back inside to treat another of the victims. After restarting this second victim's heart, he rode with him to D.C. General Hospital to ensure that, if paramedics had to open up his chest on the way to the hospital, he would be there to provide assistance or do the procedure himself.

Mr. President, Senator FRIST's actions are both a reminder of the very different routes each of us took in coming to the United States Senate, and of the importance of preserving the diversity of backgrounds that we have in this body. His instinct as a heart surgeon and trauma specialist took over last Friday, and he rushed to the scene to provide whatever help he could—just as he's done hundreds of times before when patients were relying on him.

I want to take this opportunity to salute my colleague from Tennessee for his heroic actions last Friday, and for all of the other times he's provided medical assistance since coming to the Senate three and a half years ago. Many people will remember that a couple of years ago, one of our constituents, a man from Cleveland, Tennessee, had a heart attack in the Dirksen Building, just outside of Senator FRIST's office. Senator FRIST immediately came to the rescue, and saved this Tennessean's life. Now that's what I call constituent service.

Mr. President, the events of last Friday have affected all of us very deeply. We will not soon get over the memory of the tragedy that occurred inside ''the people's house'' or of the heroic sacrifice made by Officers Chestnut and Gibson. Again, I want to offer to their families and Capitol Police colleagues our sincere condolences and our deepest thanks.

Mr. MOYNIHAN. Mr. President, the U.S. Capitol Police—so ubiquitous, so steady, so utterly competent. We take them for granted. Yet every day they defend us, our families, our staff, millions of tourists, ready to lay down their lives. Last Friday, two of them did: Officer Jacob J. Chestnut and Detective John Gibson, each an 18-year veteran, each married, each with children. One in the prime of life; the other, a few short months from retirement. What a tragedy.

The fact of the matter is that what happened on Friday could happen at any instant. One never knows when. In the crucible of a gun battle, Chestnut, Gibson, and other Capitol Police officers performed their duty in the most exemplary fashion. Chestnut and Gibson made the ultimate sacrifice, laying down their lives to defend others. We can only speculate how many bystanders would have been killed, if not for their—and the other officers'—quick and appropriate actions.

To the wives and children, other family members, and friends and colleagues of Officer Chestnut and Detective Gibson, our words cannot assuage your grief. But perhaps there is some solace in knowing that these fine two men, killed in the line of duty, have died the most honorable deaths, defending the United States Congress and its most sacred building. They are heroes. Remember, as Pindar wrote, that ''the bright gleam of noble deeds moves on with undying voice, ever unquenchable.'' And as you struggle to be brave in the days and weeks ahead, know that courage is marked not by the absence of fear, but rather by the presence of faith. May God be with you, and may God be with J.J. Chestnut and John Gibson.

Mrs. HUTCHISON. Mr. President, I join my colleagues and our fellow citizens all across this country in honoring the memories of Detective John Gibson and Private First Class Jacob Chestnut. These two fine law enforcement officers gave their lives in the line of duty during a tragedy on Friday, July 24, 1998, while guarding the United States Capitol. Our thoughts and prayers go out to the families of these two fine gentlemen.

The United States Capitol is recognized the world over as the symbol of American freedom and of the still revolutionary idea that citizens confer power upon those who serve us in government. That it could become the scene of so heinous an act as this cannot but shake us from the complacency by which we sometimes take this all for granted.

But on a beautiful summer day and with thousands of ordinary people in sight, Officers Chestnut and Gibson gave their lives as proof that everyday, in places as near as our Capitol and as far away as seven seas, men and women serve selflessly to protect the freedom that is the American birthright and the dream of millions around the globe.

I commend the United States Capitol Police, the D.C. Metropolitan Police, and the other law enforcement agencies that have performed so professionally throughout this difficult period. They are a continuing tribute to their fallen comrades, and I trust that they will be inspired to serve on in their memory.

Mr. CONRAD. Mr. President, I rise today to pay tribute to Jacob J. Chestnut and John M. Gibson, Capitol Police officers who were tragically killed in the line of duty on Friday.

Officers Chestnut and Gibson were decent and highly capable law enforcement professionals. On Friday, their selfless devotion to duty saved countless lives. Their deaths were not in vain.

The service of these Capitol Police officers will not be forgotten by the Congress. In particular, I will always remember the spirit and good humor brought to this job by J.J. Chestnut, whom I knew personally from years of working together here at the Capitol. This institution has known few, if any, who were more friendly and able protectors.

On this day of reflection, I think it is important to note that incidents such as occurred on Friday do not happen every day precisely because Gibson, Chestnut, and other Capitol Police officers have done their jobs so well. Even as they stood their ground and gave their lives, Gibson and Chestnut demonstrated that attacks on this building and the Members and staff who work here will simply not succeed.

Mr. President, every day of their careers here on the Hill, Chestnut and Gibson provided a unique and important service to every American. By protecting the United States Congress, they made it possible for our Nation's legislature and our county's greatest public building to be open and accessible to the American people. American democracy could not function as it does in the sunlight of public scrutiny, engagement, and participation if not for the safety provided by Gibson and Chestnut. If for this reason alone, every American owes these officers—and everyone serving in the United States Capitol Police—a deep debt of gratitude.

It is difficult for those of us who knew these officers to let them go easily, but certainly nowhere as trying as this loss has been for their families. With our friends and colleagues here in the Senate and millions of Americans throughout our country, my wife Lucy and I will be sure to keep the families of Chestnut and Gibson in our thoughts and prayers. It is my understanding that a scholarship fund is being established in their honor, and I would urge every Member and staff member to contribute.

Mr. President, I think the most important message we can deliver here today is one of thanks. Officers John Gibson and Jacob Chestnut made the ultimate sacrifice: they laid down their lives so that others could live. For that, they deserve our unending gratitude and respect. Mr. President, I yield the floor.

Mr. D'AMATO. Mr. President, I rise today to take time out of our busy schedule to recognize the bravery and valor of U.S. Capitol Police Officers John M. Gibson and Jacob J. Chestnut. These two fine officers were killed in the line of duty while protecting our Nation's Capitol building and protecting those who pass through this great building. They died fulfilling their sworn duty to protect the public, and they did so in an exemplary way. They are heroes who saved many lives by their actions.

I remember a period of time after the World Trade Center bombing in New York in 1993 when law enforcement officials informed me of threats against my life. The Capitol Police quickly formed a detail for my protection. Officer Gibson was a member of this detail. I feel a personal loss. This man was willing to lay down his life for mine and, in fact, he did for others.

Tomorrow we will pay homage to their memory as they lay in honor beneath the majestic Rotunda in the very building in which they gave their lives to protect.

The thoughts and prayers of this great body, as well as that of the Nation, goes out to the families and friends of Officers Gibson and Chestnut.

Ms. MOSELEY-BRAUN. Mr. President, I would like to say a few words about the tragedy that occurred last Friday here in the Capitol. As all the world now knows, the heart of our democracy was invaded that day by a gunman who opened fire in an area crowded with tourists. Before the melee was over, two Capitol Police officers were dead and an innocent bystander was wounded.

Even before Friday's events, every Member of this Congress was well aware of how critical the Capitol Police are to the functioning of our democracy. We are here to do the people's business, but the sad fact is that there are those—both at home and abroad—who do not wish us well in our efforts. Instead of the free exchange of ideas central to the concept of democracy, some of those individuals would, if given the chance, express their views through bullets and explosives. The only thing that stands between those individuals and the daily practice of our democratic ideals is the Capitol Police. They are nothing less than the guardians of those ideals—for what meaning would such principles have if they could not be safely exercised?

On Friday, Officer John Gibson and Officer Jacob J. Chestnut sacrificed their lives defending those principles. An 18-year veteran of the force, Officer Chestnut was serving that day as the Capitol's first line of defense, manning the metal detector designed to keep instruments of violence out of these halls. When the gunman set off the alarm, Officer Chestnut immediately responded, but, tragically, was mortally wounded before he could stop the intruder. Officer Gibson, also an 18-year member of the force, performed several acts of bravery before his death, pushing a French tourist out of harm's way, hiding a congressional staff member under a desk, ensuring that Representative TOM DELAY and members of his staff were hidden from danger, and then helping to bring down the gunman in the battle that ultimately cost his life. Before he died, Officer Gibson singlehandedly kept the

gunman out of Representative DELAY'S office and, in so doing, saved the lives of both the Congressman and his staff.

Those of us who work here—the Senators, the Representatives, the staff members, the Capitol Police—have lost two members of our congressional family. But it is not only those who work and visit the Capitol who owe an unrepayable debt to those officers—every citizen of the United States is indebted to them. For Officers Chestnut and Gibson died defending an institution that is the very embodiment of all the democratic freedoms that we Americans hold dear.

Mr. President, our democracy does not exist in a vacuum; it functions in a very dangerous world. For that reason, a system of security has been established in the Capitol to try to insulate the Congress from those who would do it harm while guaranteeing that we remain accessible to the people we serve. On Friday, that system worked. This is ''the people's house,'' and each year we welcome roughly four million people to it. That is precisely the way it should be. This Capitol—the greatest symbol of democracy of the greatest democratic republic the world has ever known, a building aptly described by President Clinton as ''the front door of American civilization''—belongs to the people of the United States, and it must always be open to them. I do not oppose calls for tighter security, but I would take issue with any measure that would make it more difficult for the American people to visit ''their house.''

Mr. President, I am the daughter and sister of police officers. I know the terrible fear that every law enforcement officer's family endures—the fear that when their loved one departs for work, he or she may never return home. It is my good fortune that, throughout my life, I have never seen that fear materialize. Therefore, I cannot claim to have any concept of what the families of Officers Gibson and Chestnut are going through right now. Nevertheless, I want to express my heartfelt sorrow to them. Our prayers are with you and the entire nation will forever be grateful for the heroism and sacrifice that your loved ones made on our behalf.

Ms. SNOWE. Mr. President, I rise today to pay tribute to the two Capitol Police Officers who gave their lives to protect members of Congress, their staffs and visitors from throughout the world during last Friday's tragic shooting at the United States Capitol.

For those of us who work in the Capitol, Special Agent John Gibson and Officer Jacob Chestnut were among the people who are part of our daily lives. And over the twenty years I have served in Congress, I've been constantly impressed with their courteous manner and their friendliness and the way they know all of us by name, all the while maintaining the highest degree of professionalism in carrying out their solemn duties. They become extensions of our staffs, and they become our friends.

Sometimes, in the commotion of everyday life around here, it is easy to forget that each new day brings the potential for unknown dangers for these brave men and women. The fact is, those assigned to protect the sanctity and safety of the U.S. Capitol put themselves in harms way on a daily basis, and three days ago, two of them came to work in the morning never to return to the lives and families they loved.

It is difficult for us to understand how a day which began like so many other summer days here on Capitol Hill could so suddenly end in violence and terror. Here beneath this dome of marble and stone; here behind these historic walls; and here at the epicenter of the world's greatest democracy; we feel somehow that such heinous acts are simply too incongruous with our noble surroundings to be possible. And yet, history and reality tell us they are, in fact, all too possible.

It vividly brings back to me one such incident fifteen years ago, when I was in the House of Representatives. My future husband, Congressman Jock McKernan, and I were standing with others on the House floor when, right above us, two officers tackled a man brandishing a bomb in the House gallery. These two men unhesitatingly put the safety of the entire House chamber before their own, without questioning the danger they faced.

Such was the case last Friday—as certainly more would have been injured or killed had it not been for the willingness of Special Agent Gibson and Officer Chestnut to put their lives on the line. Their actions not only prevented what could have been an even greater catastrophe, but sent a message to those who would violate the people's house that they will never prevail.

During what I know is the most difficult of times for the families of Agent Gibson and Officer Chestnut, I hope it will be at least some measure of comfort for them to know that so many here and across America are keeping them in their thoughts and prayers. The entire nation shares in their sense of loss, and our hearts go out to the loved ones that these brave individuals have left behind.

I also want to extend my sympathies to all the men and women of the Capitol Police force. They have lost two of their finest—men whose actions under the most dire circumstances have brought tremendous credit to the Capitol Police. As members of the force go about their vital duties, I want them to know that they have our fullest support, trust, and appreciation for all they do to keep us safe.

Last Friday's shootings stunned the nation and affected us all in very personal ways. For those of us here on Capitol Hill, we lost two members of our family. And in Maine and throughout the country, people felt a sense of outrage that this symbol of freedom of democracy—the greatest public building in the country—would be stained with the mark of violence.

Today, let us as a country be grateful that people like Special Agent John Gibson and Officer Jacob Chestnut are willing to make the ultimate sacrifice so that this building will always remain the people's house. Let us mourn their loss, celebrate their lives, and never forget their courageous deeds on behalf of all the citizens of our great Nation.

Mr. KERRY. Mr. President, all of America mourns the loss of two brave Capitol Police Officers—John Gibson and Jacob Chestnut. We will never understand the senseless violence that took their lives, never be able to explain why two fine men who loved their families have been stolen away from their wives and children. But we know for certain that Special Agent Gibson and Officer Chestnut made the ultimate sacrifice in the line of duty.

It has become almost cliched to say that Congress is the ''people's house.'' What many forgot, though, until last Friday, is that John Gibson and Jacob Chestnut were two very real people who kept the people's house safe for over a million visitors and thousands of staff members in the Capitol each year. Members of Congress know the Capitol police as men and women who come to work each day to protect us. We see them every morning and late into the night. We spend free moments in the hallways and off the Senate floor talking with them—talking about family, the score of last night's ball-game, the weather, and, of course, the prospects of getting home for the weekend. There is a special bond between us, those who are elected to serve here for a period of time and those who put on a uniform to serve in a different way. It is a bond of public service, a common purpose too often overlooked in the hustle and bustle of everyday life in Washington.

This remains a country where we allow the media spotlight and our collective imagination to transform our public figures into heroes. John Gibson and Jacob Chestnut require no exaggeration or rhetorical enlargement to be seen as something above and beyond the ordinary. They are—quite simply—and will be, forever—heroes.

John Gibson was a native of Massachusetts who, although he made his career here in Washington and his home in the suburbs of Northern Virginia, never left his allegiance to Massachusetts—or to the Boston Red Sox—behind. John Gibson cherished his Waltham accent and his deep roots in our state. He carried with him, everywhere, the values instilled in him in Waltham. He is remembered by those who knew him as the kind of husband and father who never went anywhere—not even on a routine errand to the corner store—without one of his children happily in tow. John Gibson served with total dedication to protect Representative TOM DELAY, and died because his commitment, when tested under fire, remained resolute. I want to extend my

deepest condolences to John Gibson's family, to his wife and their three children, Kristen, John, and Daniel, and to the Moakley clan which is mourning John's loss. John Gibson became a part of Massachusett's biggest extended political family when he married JOE MOAKLEY's niece, Evelyn. Whether debating Boston College football or sharing Irish stories in the afternoon, John Gibson was a special friend to the dean of our congressional delegation. Even in his sadness, Congressman MOAKLEY knows that the young man from Waltham who joined the Capitol police force 18 years ago, served as a professional who took his sense of duty to heart.

Jacob Chestnut, too, died as he lived—giving selflessly of himself to help others. The tragedy on Friday made Jacob Chestnut a hero throughout the country, but, long before that, he was a hero to the community in Maryland where he made his home. Jacob Chestnut was the neighbor who always lent a helping hand to those who needed it, the good Samaritan who expected nothing in return and served his community because it was the right thing to do do. Long before he was a hero to his country, Jacob Chestnut was a role-model to his children and grandchildren.

One never knows how one will react under fire, how, when the shots ring out and the adrenaline flows—at the moment when duty calls—one will call upon the inner strength to react with bravery. It requires a degree of courage found in the deepest reserves of the human character. Every police officer in this country chooses to serve with the knowledge that the day may come when that commitment will be tested. John Gibson told a friend—just a week before he was struck down at the Capitol—that he hoped that if that moment came, if he was called upon to draw his gun and defend tourists or Members of Congress or a fellow officer, that he would rise to the occasion. It is a thought that accompanies every police officer through every step of what is at once a dangerous and vital career. History will record that when that moment came for John Gibson and Jacob Chestnut, they rose to the occasion, remembered their duty, and gave their lives selflessly to protect not just the people's house, but the people themselves who make that Capitol a home. For the families they left behind, for those among us privileged to work with them, and for all Americans, these two officers will forever be heroes.

Even as we pay tribute to these brave, fallen officers, we must remember that we are obligated to honor their memory with more than words alone. There is a temptation in this country to focus only on the extraordinary circumstances of these tragic deaths, to remember merely that John Gibson and Jacob Chestnut were fatally wounded in the ''people's house.'' Too many commentators in the last few days have said—again and again—''can we believe that this type of violence could occur in our nation's capital?'' The truth is—and police officers on the front lines know this better than we can imagine—violence does occur in the nation's capitol, and in our classrooms, and our tree-lined neighborhoods, and in homes across this country. To pay tribute to John Gibson and Jacob Chestnut—to truly honor them for their sacrifice—we must make clear our conviction as a nation that we will not tolerate any form of violence in this country. To remember John Gibson and Jacob Chestnut in a way that lifts us all up—in a way that creates a safer world for the eight children these fine men left behind—we must commit ourselves to safer neighborhoods, violence-free schools, and communities where the sound of our children's laughter—not the sound of gun shots—fills the air.

Mr. FAIRCLOTH. Mr. President, I rise to give my condolences to the slain officers and their families. Both of these brave men gave their lives to defend innocent visitors to our Nations Capital. Both gave their lives so that the Capitol can remain a free and open institution, visited by millions each year from this nation and nations of the world. But for their acts of bravery, we don't know how many others may have lost their lives. The entire Capitol Police Force deserves congratulations, because I know there where other officers that assisted in bringing the situation to a close. Further, I share the sentiments expressed by the Majority Leader that we do everything we can to insure that their families are well taken care of, I am sure that is what these two brave officers would have wanted most. On behalf of the citizens of North Carolina, we collectively express our deep sorrow about this tragedy and extend our heartfelt condolences to their families.

Mr. LOTT. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

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

The concurrent resolution (S. Con. Res. 110) was agreed to.

The preamble was agreed to.

AUTHORIZING THE USE OF THE ROTUNDA OF THE CAPITOL FOR A MEMORIAL SERVICE FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT OF THE UNITED STATES CAPITOL POLICE

Mr. LOTT. Mr. President, I send a second concurrent resolution to the desk regarding the use of the Rotunda in memory of Detective Gibson and Private First Class Chestnut and ask unanimous consent that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, the clerk will report the resolution.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 111) authorizing the use of the rotunda of the Capitol for a memorial service for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, and for other purposes.

The Senate proceeded to consider the concurrent resolution.

Mr. LOTT. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

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

The concurrent resolution (S. Con. Res. 111) was agreed to.

The preamble was agreed to.

The concurrent resolution (S. Con. Res. 111), with its preamble, read as follows:

S. CON. RES. 111

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. AUTHORIZING USE OF ROTUNDA OF THE CAPITOL FOR MEMORIAL SERVICE FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT.

The rotunda of the Capitol is authorized to be used for a memorial service and proceedings related thereto for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police on Tuesday, July 28, 1998, under the direction of the United States Capitol Police Board.

SEC. 2. PLACEMENT OF PLAQUE IN CAPITOL IN MEMORY OF DETECTIVE GIBSON AND PRIVATE FIRST CLASS CHESTNUT.

The Architect of the Capitol shall place a plaque in honor of the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police at an appropriate site in the United States Capitol, with the approval of the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

SEC. 3. PAYMENT OF FUNERAL EXPENSES FOR JOHN GIBSON AND JACOB JOSEPH CHESTNUT.

(a) IN GENERAL.—The Sergeant at Arms of the House of Representatives is authorized and directed to make such arrangements as may be necessary for funeral services for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, including payments for travel expenses of immediate family members, and for the attendance of Members of the House of Representatives at such services, including payments for expenses incurred by Members in attending such services.

(b) SOURCE AND MANNER OF MAKING PAYMENTS.—Any payment made under subsection (a) shall be made from the applicable accounts of the House of Representatives, using vouchers approved in a manner directed by the Committee on House Oversight.

SEC. 4. PAYMENT OF SURVIVOR'S GRATUITY TO WIDOWS OF JOHN GIBSON AND JACOB JOSEPH CHESTNUT.

(a) IN GENERAL.—In accordance with the first sentence of the last undesignated paragraph under the center heading ''HOUSE OF REPRESENTATIVES'' in the first section of the Legislative Branch Appropriation Act,

1955 (2 U.S.C. 125), the Chief Administrative Officer of the House of Representatives is authorized and directed to pay, from the applicable accounts of the House of Representatives—

(1) a gratuity to the widow of Detective John Michael Gibson of the United States Capitol Police in the amount of $51,866.00; and

(2) a gratuity to the widow of Private First Class Jacob Joseph Chestnut of the United States Capitol Police in the amount of $47,280.00.

(b) TREATMENT AS GIFT.—Each gratuity paid under subsection (a) shall be held to have been a gift.

SEC. 5. SENSE OF CONGRESS REGARDING ESTABLISHMENT OF CAPITOL POLICE MEMORIAL FUND.

It is the sense of Congress that there should be established under law a United States Capitol Police Memorial Fund for the surviving spouse and children of members of the United States Capitol Police who are slain in the line of duty.

UNANIMOUS CONSENT AGREEMENT—H. CON. RES. 310 AND 311

Mr. LOTT. I ask unanimous consent that when the Senate receives H. Con. Res. 310 and 311, the resolutions be deemed agreed to, the preamble be agreed to, and the motions to reconsider be laid upon the table.

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

Mr. LOTT. Mr. President, I thank the Senators for their attention to these resolutions. I am pleased that we are going to have an appropriate memorial ceremony tomorrow to honor these two fallen policemen. They represent the very best of those that serve our country and work with us in the Senate, from our personal staffs, to the floor staff, to the officers of the Senate, to the policemen, the people throughout these Capitol buildings.

They certainly did their job last week, and the country and we owe them a personal debt of gratitude. As I said this morning when we opened the Chamber, we see them every day. And we get to know them personally. They are part of our family. And I have sensed today that every Senator and every person I have talked to has a sense of deep sympathy and sorrow for this event.

We will take every precaution to make sure that the Capitol is secure, but that it remains the people's body and the people have access to it. I also have asked Senator DASCHLE to join me in designating a Senator on both sides to make sure that in fact, the officers' families are appropriately cared for so that we can take a look at what benefits they are entitled to and what happens with their memorial fund. We will make a decision and we will report to the rest of the Senate about how to proceed in that area if there is a need for it.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader is recognized.

TRIBUTE TO SENATOR FRIST

Mr. DASCHLE. I also note that we all owe a debt of gratitude to the Senator from Tennessee, Senator FRIST, for seizing the moment in his responsibility, first as a physician, and second as a Senator, to come on to the scene as he did. He served us and those victims very, very well on behalf of, I know, the entire Senate. We thank him for that.

I yield the floor.

IMPLEMENTING THE ONE-CALL LAW

Mr. LOTT. Mr. President, today I want to advise my colleagues on the implementation of the one-call notification (''call-before-you-dig'') law. This legislation, which was enacted into law as part of the Transportation Equity Act for the 21st Century (TEA 21), has taken almost three Congresses to complete. However, this Congress was able to accomplish the goal, thanks to bipartisan support and lots of cooperation among the affected entities: pipeline, telecommunications, cable and electric utility companies, state one-call systems and numerous others of good will.

Last week the Department of Transportation's Office of Pipeline Safety announced a public meeting will be held on August 25–26. The purpose of this meeting is to begin organizing a process to collect information on the suggested ''best practices'' in one-call notification. All affected parties—underground facility operators, excavation contractors, railroads, one-call centers, states and municipalities—should participate in this meeting which will be a joint government-industry effort to bring together the best information on one-call notification practices, techniques, technologies and enforcement processes. Information on these best practices would then be shared among the various state one-call programs, in order to improve performance. The ink is barely dry on the law, and already implementation rulemaking has begun. This is great because this is all about the public's safety.

This is enlightened federalism: the federal government working together with the states and the private sector to mutually decide how to protect our nation's vital underground infrastructure. The federal government does not dictate to state and local governments, nor does it try to fit private companies into some prescriptive regulatory scheme. That never works. Results come by working together.

I congratulate the Senate Appropriations Committee for including a modest but sufficient amount of support for implementing the one-call bill in the FY 1999 Transportation Appropriations bill. I hope the House appropriators will follow this lead and an agreement can be reached in conference for funding to be available in the coming fiscal year.

The one-call bill, which was enacted into law, provides that general revenues are to be used to improve our one-call systems. Realizing there is such a long list of beneficiaries from better one-call notification, this is only fair. I expect the appropriations process to reflect this principle of fairness and to fund this program from general revenues.

We have all seen the tragedies and near tragedies that can occur when accidents happen at underground facilities. These accidents are preventable, and this law provides the surest way to present these accidents. I urge all affected parties to join in participating in the August 25–26 meeting to begin the cooperative, responsible process envisioned in the one-call law.

Mr. President, I promised my good friend, former Senator Bill Bradley, when he left the Senate that his colleagues would continue the legislative effort to enact a one-call notification bill. This was accomplished this year. The terrible 1994 accident in Edison, New Jersey, showed Congress the kind of accident which must be prevented. Now a law has been enacted that can do the job. Let's continue to work together to carry it out.

PUERTO RICO STATUS LEGISLATION

Mr. GRAHAM. Mr. President, 100 years ago this past Saturday—July 25, 1898—U.S. Major General Nelson Miles and his troops arrived on Puerto Rico's shores to liberate the island from tyranny. On that historic occasion, he declared that the United States came ''bearing the banner of freedom . . . the fostering arm of a nation of free people, whose greatest power is in justice and humanity to all those living within its fold.''

One hundred years after those valiant actions and eloquent words, the nearly four million people of Puerto Rico—excuse me, the United States citizens of Puerto Rico—continue to wait for the fulfillment of that promise of justice and humanity. For the last century, they have been denied the most fundamental right of a free people: the right to choose their own political destiny.

Mr. President, enough is enough. In the last 100 years, Puerto Ricans have fought for freedom as part of the U.S. armed forces. Through their vibrant culture and tireless spirit, they have made invaluable and lasting contributions to American democracy. But they have never had a real opportunity to exercise that freedom fully or enjoy the complete benefits of living in that democracy. Congress must right that wrong in 1998.

Make no mistake: Puerto Ricans are ready for this opportunity. In its quest to gain the right of political self-determination, Puerto Rico has on three occasions held local plebiscites to express preferences for the political options of statehood, independence, or commonwealth. But since these votes were not

sanctioned by Congress, they had little more than symbolic value.

In 1997 and 1998, the Puerto Rican Legislature passed resolutions asking Congress to provide Puerto Ricans with a real opportunity to determine their political future. But our loudest action on this request has been inaction.

It is high time that we move forward. The 105th Congress—and others before it—has held numerous hearings. The House of Representatives passed its version of Puerto Rico status legislation more than four months ago. The Senate Energy and Natural Resources Committee has thoroughly examined the many issues surrounding Puerto Rico's self-determination. We are fully educated. The only work that remains to be done are a committee mark-up and vote, Senate floor action, and a House-Senate Conference Committee.

Congressman CARLOS ROMERO-BARCELÓ, Puerto Rico's non-voting member of Congress, told the Energy and Natural Resources Committee that

> The unresolved dilemma of Puerto Rico's status is the single most important long term issue of concern to all Puerto Ricans. It permeates every aspect of our political and economic life and holds our future hostage.

Mr. President, the United States does not hold innocent hostages. It frees them, just as it did 100 years ago when General Miles and his troops waded ashore in Puerto Rico to rescue the residents of that beautiful island from tyranny.

In 1998, as the United States and Puerto Rico celebrate 100 years together, the U.S. Senate can decide to act as our colleagues in the House of Representatives have already done. I urge my colleagues not to make that decision by indecision. The 3.8 million United States citizens in Puerto Rico are counting on us to give new life to their long-frustrated dream of political self-determination. We must not let them down. One hundred years is far too long to wait.

REPORT OF A PROPOSED RESCISSION OF BUDGETARY RESOURCES—MESSAGE FROM THE PRESIDENT—PM 148

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, and to the Committee on Energy and Natural Resources.

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one proposed rescission of budgetary resources, totaling $5.2 million.

The proposed rescission affects programs of the Department of the Interior.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 24, 1998.*

MESSAGES FROM THE HOUSE

At 1:22 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4193. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1999, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 310. Authorizing the use of the rotunda of the Capitol for memorial service for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, and for other purposes.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 4059) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1999, and for other purposes, and agrees to the conference of the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. PACKARD, Mr. PORTER, Mr. HOBSON, Mr. WICKER, Mr. KINGSTON, Mr. PARKER, Mr. TIAHRT, Mr. WAMP, Mr. LIVINGSTON, Mr. HEFNER, Mr. OLVER, Mr. EDWARDS, Mr. CRAMER, Mr. DICKS, and Mr. OBEY, as the managers of the conference on the part of the Senate.

The message also announced that the House of Representative, having proceeded to reconsider the bill (H.R. 1122) to amend title 18, United States Code, to ban partial-birth abortions, returned by the President of the United States with his objections, to the House of Representatives, in which it originated, the said bill passed, two-thirds of the House of Representatives agreeing to pass the same.

MEASURE PLACED ON THE CALENDAR

The following bill was read the first and second times, and placed on the calendar:

H.R. 4193. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1999, and for other purposes.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–515. A resolution adopted by the Legislature of the State of Alaska; to the Committee on the Judiciary.

LEGISLATIVE RESOLVE NO. 72

Whereas federal courts have ordered a state or political subdivision of a state to levy or increase taxes; and

Whereas such an order violates fundamental principles of separation of powers under which the legislative branch is charged with the enactment of laws; and

Whereas such an order, coming from a federal court, severely undermines the independence of each of the states; be it

Resolved by the Alaska State Legislature, That the Congress of the United States is requested to prepare and present to the legislatures of all the states an amendment to the Constitution of the United States that would prohibit a federal court from ordering a state or political subdivision of a state to increase or impose taxes in substantially the following language:

''Neither the Supreme Court nor any inferior court of the United States shall have the power to instruct or order a state or political subdivision thereof, or an official of such state or political subdivision, to levy or increase taxes.'' and be it further

Resolved, That this resolution constitutes a continuing application in accordance with Article V, Constitution of the United States, and that the legislatures of all the states are invited to join with Alaska to secure ratification of the proposed amendment.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and to the governors and presiding officers of the houses of the legislatures of each of Alaska's sister states.

POM–516. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Energy and Natural Resources.

LEGISLATIVE RESOLVE NO. 65.

Whereas the University of Alaska is the oldest postsecondary school in the state and plays a vital role in educating Alaskans as well as students from around the world; and

Whereasthe University of Alaska began as Alaska Agricultural and Mining College, a land grant college; and

Whereas the land grant system is one of the oldest and most respected forms of financing education in the United States; and

Whereas the land grant system provides grants of land to colleges and universities for facility location and, more importantly, provides a method for sustaining revenues to those colleges and universities; and

Whereas the University of Alaska received the smallest amount of land of any state that has a land grant college except Delaware; to date, the university has received only about 111,000 acres, less than one-third the acreage the university was originally promised; and

Whereas S. 660, sponsored by Senator Frank Murkowski, would grant to the University of Alaska 250,000 acres of federal land if the university agrees to relinquish to the federal government its extremely valuable inholdings in Denali National Park and Preserve and in other national parks, preserves, and refuges; and

Whereas S. 660 would grant to the University of Alaska an additional 250,000 acres of federal land if the states agrees to grant to the university 250,000 acres of state land; and

Whereas S. 660 will provide a stable revenue stream to the University of Alaska while protecting the state's unique parks, preserves, and refuges; and

Whereas reasonable amendments can be made to S. 600 relating to the transfer of federal lands in the Tongass National Forest

and the National Petroleum Reserve-Alaska; be it

Resolved, That the Alaska State Legislature urges Senator Murkowski to continue working with representatives of the State of Alaska and the University of Alaska to consider amendments that will address the land grant deficiency of the University of Alaska and be in the best interest of the state; and be it further

Recolved, That the Alaska State Legislature respectfully urges the Congress of the United States to pass and the President to sign S. 660 as expeditiously as possible.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Trent Lott, Majority Leader of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; the Honorable Dick Armey, Majority Leader of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

POM–517. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Energy and Natural Resources.

LEGISLATIVE RESOLVE NO. 62

Whereas the President of the United States has by Executive Order 13061 created the American Heritage Rivers initiative; and

Whereas the initiative allows a local river community to nominate its river for designation by the President as an American Heritage River; and

Whereas the initiative provides no meaningful protection of state or private property along designated rivers; and

Whereas the initiative creates a new layer of federal bureaucracy and engages 12 federal agencies in its implementation; be it

Resolved, that the Alaska State Legislature opposes any attempt by the federal government to further designate or label state property in Alaska or to further federalize public land in Alaska; and be it further

Resolved, That the Alaska State Legislature opposes the nomination or designation of any river in Alaska as an American Heritage River under the American Heritage Rivers initiative.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; Kathleen A. McGinty, Chair of the Council on Environment Quality; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

POM–518. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Energy and Natural Resources.

LEGISLATIVE RESOLVE NO. 61

Whereas Representative Don Young has introduced H.R. 2924, which amends the Alaska Native Claims Settlement Act to allow additional land selections to be made under that Act by certain Alaska Natives who are Vietnam era veterans and by the Elim Native Corporation; and

Whereas H.R. 2924 will allow Alaska Native Vietnam era veterans who missed their opportunity to make selections of native allotments while in military service to the United States to make selections under the Alaska Native Claims Settlement Act; be it

Resolved, That the Alaska State Legislature supports the provisions of H.R. 2924 that amend the Alaska Native Claims Settlement Act to allow Alaska Native Vietnam era veterans who missed their opportunity to make selections to make native allotment selections.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative members of the Alaska delegation in Congress.

POM–519. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Commerce, Science, and Transportation.

LEGISLATIVE RESOLVE NO. 80

Whereas President Clinton has proposed in his Fiscal Year 1999 budget a fisheries management fee to fund the management and enforcement services of the National Oceanic and Atmospheric Administration; and

Whereas the proposed fisheries management fee would be derived from a tax of up to one percent on the ex-vessel value of all fish harvested by commercial fishermen; and

Whereas Alaska commercial fishermen would pay as much as $12,000,000 of the $20,000,000 in annual revenue the fisheries management fee is expected to generate from all fisheries nationwide; and

Whereas the proposed management fee would impose a unique burden on Alaska commercial fishermen who produce more fish than the rest of the United States combined; and

Whereas the proposed management fee would have a negative effect on the economic competitiveness of the Alaska seafood industry; and

Whereas the seafood industry is the largest source of private sector jobs in Alaska; and

Whereas commercial fishermen and seafood processors in Alaska are already burdened with a variety of taxes and user fees, including a raw fish tax, marine fuel tax, licensing fees, fishery landing tax, salmon enhancement tax, seafood marketing tax, and seafood marketing assessment; and

Whereas the total value in 1995 of the above-mentioned taxes and uses fees exceeded $68,000,000; be it

Resolved, That the Alaska State Legislature respectfully opposed the imposition of the proposed fisheries management fee; and be it further

Resolved, That the Alaska State Legislature respectfully urges the Governor and the Alaska delegation in Congress to oppose the proposed fisheries management fee and work to ensure the fee is not included in the Fiscal Year 1999 federal budget approved by the Congress.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice President of the United States and President of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; the Honorable Trent Lott, Majority Leader of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

POM–520, a resolution adopted by the Common Council of the City of Madison, Wisconsin, relative to proposals which would grant tobacco companies immunity from lawsults; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 890: A bill to dispose of certain Federal properties located in Dutch John, Utah, to assist the local government in the interim delivery of basic services to the Dutch John community, and for other purposes (Rept. No. 105–264).

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 852: A bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles (Rept. No. 105–265).

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

S. 2319: A bill to authorize the use of receipts from the sale of migratory bird hunting and conservation stamps to promote additional stamp purchases (Rept. No. 105–266).

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, with amendments:

H.R. 3824: A bill amending the Fastener Quality Act to exempt from its coverage certain fasteners approved by the Federal Aviation Administration for use in aircraft (Rept. No. 105–267).

By Mr. HELMS, from the Committee on Foreign Relations, without amendment and an amended preamble:

S.J. Res. 54: A joint resolution finding the Government of Iraq in unacceptable and material breach of its international obligations.

By Mr. HATCH, from the Committee on the Judiciary: Report to accompany the bill (S. 1645) to amend title 18, United States Code, to prohibit taking minors across State lines to avoid laws requiring the involvement of parents in abortion decisions (Rept. No. 105–268).

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. ROBERTS (for himself, Mr. ENZI, Mr. KERREY, Mr. HARKIN, Mr. LUGAR, Mr. WARNER, and Mr. JOHNSON):

S. 2356. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for uniform food safety warning notification requirements, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. ASHCROFT (for himself, Mr. INHOFE, and Mr. KYL):

S. 2357. A bill requiring the Congressional Budget Office and the Joint Committee on Taxation to use dynamic economic modeling in addition to static economic modeling in the preparation of budgetary estimates of proposed changes in Federal revenue law; to

the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, that if one Committee report, the other Committee have thirty days to report or be discharged.

By Mr. ROCKEFELLER (for himself, Mr. BYRD, Mr. SPECTER, Mr. DASCHLE, Mr. CLELAND, Mr. CONRAD, Mrs. MURRAY, Mr. KERRY, Mr. DODD, Mr. KOHL, Ms. MIKULSKI, Mr. HUTCHINSON, Mr. FORD, Mr. THURMOND, Mr. CAMPBELL, and Mr. JEFFORDS):

S. 2358. A bill to provide for the establishment of a service-connection for illnesses associated with service in the Persian Gulf War, to extend and enhance certain health care authorities relating to such service, and for other purposes; to the Committee on Veterans Affairs.

By Mr. INHOFE (for himself, Mr. FAIRCLOTH, Mr. LUGAR, Mr. KERRY, Mr. BAUCUS, Mr. LAUTENBERG, Mr. WYDEN, Mr. GRAHAM, Mr. JEFFORDS, and Mr. DOMENICI):

S. 2359. A bill to amend the National Environmental Education Act to extend the programs under the Act, and for other purposes; to the Committee on Environment and Public Works.

By Ms. SNOWE (for herself and Mr. FRIST):

S. 2360. A bill to authorize appropriations for the National Oceanic and Atmospheric Administration for Fiscal Years 1999, 2000, and 2001, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. INHOFE (for himself and Mr. GRAHAM):

S. 2361. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize programs for predisaster mitigation, to streamline the administration of disaster relief, to control the Federal costs of disaster assistance, and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LOTT (for himself, Mr. DASCHLE, Mr. ABRAHAM, Mr. AKAKA, Mr. ALLARD, Mr. ASHCROFT, Mr. BAUCUS, Mr. BENNETT, Mr. BIDEN, Mr. BINGAMAN, Mr. BOND, Mrs. BOXER, Mr. BREAUX, Mr. BROWNBACK, Mr. BRYAN, Mr. BUMPERS, Mr. BURNS, Mr. BYRD, Mr. CAMPBELL, Mr. CHAFEE, Mr. CLELAND, Mr. COATS, Mr. COCHRAN, Ms. COLLINS, Mr. CONRAD, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. DEWINE, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. DURBIN, Mr. ENZI, Mr. FAIRCLOTH, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FORD, Mr. FRIST, Mr. GLENN, Mr. GORTON, Mr. GRAHAM, Mr. GRAMM, Mr. GRAMS, Mr. GRASSLEY, Mr. GREGG, Mr. HAGEL, Mr. HARKIN, Mr. HATCH, Mr. HELMS, Mr. HOLLINGS, Mr. HUTCHINSON, Mrs. HUTCHISON, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. KERREY, Mr. KERRY, Mr. KOHL, Mr. KYL, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LIEBERMAN, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. REED, Mr. REID, Mr. ROBB, Mr. ROBERTS, Mr. ROCKEFELLER, Mr. ROTH, Mr. SANTORUM, Mr. SARBANES, Mr. SESSIONS, Mr. SHELBY, Mr. SMITH of New Hampshire, Mr. SMITH of Oregon, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, Mr. THURMOND, Mr. TORRICELLI, Mr. WARNER, Mr. WELLSTONE, and Mr. WYDEN):

S. Con. Res. 110. A concurrent resolution honoring the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police for their selfless acts of heroism at the United States Capitol on July 24, 1998; considered and agreed to.

By Mr. LOTT (for himself, Mr. DASCHLE, Mr. ABRAHAM, Mr. AKAKA, Mr. ALLARD, Mr. ASHCROFT, Mr. BAUCUS, Mr. BENNETT, Mr. BIDEN, Mr. BINGAMAN, Mr. BOND, Mrs. BOXER, Mr. BREAUX, Mr. BROWNBACK, Mr. BRYAN, Mr. BUMPERS, Mr. BURNS, Mr. BYRD, Mr. CAMPBELL, Mr. CHAFEE, Mr. CLELAND, Mr. COATS, Mr. COCHRAN, Ms. COLLINS, Mr. CONRAD, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. DEWINE, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. DURBIN, Mr. ENZI, Mr. FAIRCLOTH, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FORD, Mr. FRIST, Mr. GLENN, Mr. GORTON, Mr. GRAHAM, Mr. GRAMM, Mr. GRAMS, Mr. GRASSLEY, Mr. GREGG, Mr. HAGEL, Mr. HARKIN, Mr. HATCH, Mr. HELMS, Mr. HOLLINGS, Mr. HUTCHINSON, Mrs. HUTCHISON, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. KERREY, Mr. KERRY, Mr. KOHL, Mr. KYL, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LIEBERMAN, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. REED, Mr. REID, Mr. ROBB, Mr. ROBERTS, Mr. ROCKEFELLER, Mr. ROTH, Mr. SANTORUM, Mr. SARBANES, Mr. SESSIONS, Mr. SHELBY, Mr. SMITH of New Hampshire, Mr. SMITH of Oregon, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, Mr. THURMOND, Mr. TORRICELLI, Mr. WARNER, Mr. WELLSTONE, and Mr. WYDEN):

S. Con. Res. 111. A concurrent resolution authorizing the use of the rotunda of the Capitol for a memorial service for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, and for other purposes; considered and agreed to.

By Mr. WARNER (for himself, Mr. MOYNIHAN, and Mr. FORD):

S. Con. Res. 112. A concurrent resolution to authorize the printing of the eulogies of the Senate and the House of Representatives for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROBERTS (for himself, Mr. ENZI, Mr. KERREY, Mr. HARKIN, Mr. LUGAR, Mr. WARNER, and Mr. JOHNSON):

S. 2356. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for uniform food safety warning notification requirements, and for other purposes; to the Committee on Labor and Human Resources.

NATIONAL UNIFORMITY FOR FOOD ACT OF 1998

Mr. HARKIN. Mr. President, I am pleased to join Senator ROBERTS and several other Members in introducing this legislation designed to establish national rules regarding standards, labeling and notification requirements for foods.

The legislation recognizes the reality that we have a truly national system of food production, processing and distribution. Perhaps the most apparent reason for a national system of rules relating to regulation of foods involves the economic costs associated with complying with varying state requirements. The burden of satisfying a number of different, and perhaps conflicting, requirements throughout the country can be significant.

Another aspect of the matter, though, involves the benefits to consumers. Certainly, when it comes to labeling and notification, I believe that consumers are entitled to have plenty of information that will help them make sound purchasing decisions for their families. I believe there can come a point, however, when a multitude of varying labeling and notification requirements can confuse consumers and be counterproductive with respect to helping them make sound choices.

Accordingly, this bill would establish a framework for uniform national rules relating to food labeling, standards and notification requirements while recognizing the interest of the states in regulatory activities involving food. Under the bill, states would continue to have full authority in the area of food sanitation requirements. States could also petition for new national standards or exemption from established national standards and could take emergency action inconsistent with the national standards in the case of imminent hazards. States would continue to have full authority to establish and enforce standards relating to matters on which a national standard had not been set. In addition, the bill specifically identifies a number of types of labeling requirements as to which the states would continue to have full authority.

The bill being introduced today is a sound starting point for further discussion and study, and for hearings that I hope can be scheduled soon. I am sure that during this process issues and considerations will arise that will need to be addressed in the legislation. I look forward to working with the Senator from Kansas and other colleagues toward producing a final bill that will achieve broad support and be enacted.

By Mr. ROCKEFELLER (for himself, Mr. BYRD, Mr. SPECTER, Mr. DASCHLE, Mr. CLELAND, Mr. CONRAD, Mrs. MURRAY, Mr. KERRY, Mr. DODD, Mr. KOHL, Ms. MIKULSKI, Mr. HUTCHINSON, Mr. FORD, Mr. THURMOND, Mr. CAMPBELL, and Mr. JEFFORDS):

S. 2358. A bill to provide for the establishment of a service-connection for

illnesses associated with service in the Persian Gulf war, to extend and enhance certain health care authorities relating to such service, and for other purposes; to the Committee on Veterans' Affairs.

PERSIAN GULF VETERANS ACT OF 1998

Mr. BYRD. Mr. President, not too long ago, the Senate returned to work from celebrating the Fourth of July, Independence Day. By now, the flags that flew so gaily in front of our houses have long since been furled or folded, tucked away in dark closets until next year. The banners and bunting that adorned main streets throughout the country have been taken down, and the high school band's uniforms are again hanging in orderly rows to await September's football games. Our military veterans, cheered at Fourth of July parades as the legacy of those proud men who wrested our freedom from the hands of Redcoats, have again been put out of most people's minds until somber Veterans Day rolls around in November. But it is with the memory of Independence Day still fresh in my mind that I consider how well we as a nation treat the veterans who have protected our freedoms so well.

The Department of Veterans Affairs does a pretty good job of taking care of individual veterans, despite the fact that funding for veterans programs has been declining in real dollars for many years. But, like most bureaucracies, the VA does not always move nimbly and with great precision to identify big trends as quickly as one might like. In large part, that may be because the VA must depend on the even larger and more cumbersome Department of Defense to provide it with the background information on what happened to our veterans while they were on active duty that may require the ministrations of the VA after a conflict. In the case of the Persian Gulf War, the Department of Defense did not, by its own admission, do a very aggressive job early on in trying to get to the bottom of what happened in the Gulf. As a result, we have been engaged in a long and circular debate regarding the large numbers of sick Persian Gulf War veterans, and the trail that will lead us to the answers to what really happened in that theater of operations is growing colder by the day.

Mr. President, I have been working with the Committee on Veterans' Affairs on this issue, and I am pleased that Senator ROCKEFELLER, Senator SPECTER, and I have been able to draft a bill that will bring to a close a part of the debate that has been eroding the confidence of our soldiers in their government's support for them, and eroding the confidence of our veterans that their nation cares for them. I thank my colleague from West Virginia, Mr. ROCKEFELLER, for his courtesy in working with me, and I thank Senator SPECTER also for his cooperation. The encouragement and support offered by the Chronic Illness Research Foundation and the veterans service organizations, particularly the American Legion, the National Gulf War Resources Center, Vietnam Veterans of America, and the National Vietnam and Gulf War Veterans Coalition, have also been critical to this joint effort. That debate is the now 7-year-old argument over what really happened to our soldiers, sailors, and airmen during the Operation Desert Storm to make so many of them sick. As of March 31, 1998, there were 112,123 active and former military personnel on the Department of Defense and Department of Veterans Affairs' Persian Gulf Registries. That is a lot of sick people, and I understand that new registrants continue to sign on at a rate of 80 to 90 each week.

In the 7 years since the ''hot'' phase of that conflict ended, a fog of words has further obscured the fog of war that enveloped these military men and women in its fetid, inky grasp. Panel after panel has been convened, congressional committee after congressional committee has conducted hearings, report after report has been issued. Mountains of paper have been created. Yet, substantial, concrete action to end this debate has not been taken, though many recommendations have been issued.

The President's own Advisory Committee on Gulf War Veterans' Illnesses warned in their October 1997 final report that the government's credibility was at stake and urged that a ''permanent, statutory'' program of benefits and health care for the sick Persian Gulf veterans be established. This bill that we have introduced today begins that important work. It ends the long argument about what happened in the Gulf and who might have been exposed to what, and focuses on the ''now what?'' phase. This bill establishes a mechanism for the National Academy of Sciences or some other comparable body to periodically review the scientific and medical literature to identify what specific illnesses or diseases might arise from exposure to all of those hazardous materials that were present in the Gulf or that can otherwise be associated with service in that theater of war. The experts provide the Secretary of Veterans Affairs with that list, and the Secretary reviews and establishes regulations to establish those illnesses and diseases as service connected for the purposes of providing medical care and other benefits to Gulf War veterans. The Secretary will also receive recommendations from the National Academy regarding further medical research needed to answer questions about illness and service in the Gulf. The Secretary, in conjunction with the Secretary of Defense and the Secretary of Health and Human Services, is requested to outline a program of medical research based on those recommendations and other information that may warrant further research.

In an effort to jump-start this review process, the bill contains a lengthy list of materials to which numerous government and expert scientific panels have suggested the Gulf veterans may have been exposed. This list was drawn from legislation, H.R. 4036, introduced in the House of Representatives by Representative CHRISTOPHER SHAYS and Representative BERNARD SANDERS of the Subcommittee on Human Resources of the House Committee on Government Reform and Oversight after 2 years of hearings and review. Their tireless efforts have been invaluable. This bill asks the National Academy to begin its review with that list, and to report within 6 months on its findings. Our concern is to expedite this process with as much speed as is prudent, given the long wait that these veterans have already faced.

Remember the chiaroscuro images of that conflict—the bright sand inked over with grimy, oily debris, the road dust sprayed down with oil, chemical alarms blaring, pesticides and insecticides liberally sprayed to keep disease-carrying insects at bay, and of men and women pumped full of last minute vaccines and ordered to take nerve agent pretreatment pills whenever the chemical alarms sounded. Top it all off with the image of man-made thunderclouds forming over the vast ammunition pit at Khamisiyah when U.S. troops destroyed tons of captured Iraqi shells, some unknown quantity of which was loaded with chemical mustard and nerve agents. It was a dirty, dirty war, concentrated over a fairly compact area filled with almost 700,000 U.S. troops. We can be fairly confident on the basis of many previous studies that all of these listed hazards and potential hazards were present in that theater of war, even though we will never be able to say which hazards each individual soldier, sailor, and airman was exposed to and at what dosage. But wounds created by chemicals maim just as readily, if not as visibly, as bullets.

This situation, and this legislation addressing it, are similar to the way that the terrible legacy of Agent Orange from the Vietnam War was finally, agonizingly, resolved. In that case, finally, Congress simply declared that we know that these herbicides were present in country in enormous quantities, but we do not know, and likely never will know, precisely who may have been exposed to them and in what dosage. Therefore, we will simply acknowledge that if you were there during the time that Agent Orange and the other similar herbicides were being used, you may well have been exposed, and if you come down with a disease or illness which can be plausibly linked to that exposure, we will assume that you may have gotten it as a result of that exposure and act accordingly.

It took a long time to get to that point, but it was the right thing to do, and it helped to restore the crisis in confidence that had shaken our servicemen and our veterans. The situation in the Gulf is hauntingly similar, a refrain from the same song. Almost

700,000 men and women were in the Gulf when the shooting started and operated in a fluid battlefield that included many potential hazards. Collection of data was not done or could not be done in a way that allows us to reconstruct every nuance of that situation 7 years later. Even veterans medical records are not as complete as we would now like them to be. So we find ourselves in a chicken soup of possibilities, debating endlessly about whether this pea or this carrot or this piece of meat was here or there in the soup at any point in time, when really all we know is that all the ingredients for a soup were in the pot. So, let us stop analyzing that broth at the expense of taking any further action and get on with turning it into a restorative and nourishing balm for our ailing veterans. This legislation does not presume exposure of every veteran to every possible hazard. Rather, it looks at these hazards and to the illnesses already being seen in the veteran population and determines what diseases and illnesses can be associated with that service or those hazards. If the veteran has that disease or illness, then it is presumed to have been as a result of his exposure to that hazard or hazards or to that service.

Vietnam veterans had to wait almost 20 years before their medical crisis was resolved, and is still being resolved. We must show that we as a Government can learn from that experience and push forward so that the veterans from the Persian Gulf War do not have to wait so long. I think it is possible to learn from history, and recent history provides the freshest lessons. If we do not act decisively now, these newest veterans will be one more year closer to reaching that sorry halfway hurdle. That is why I am proud to cosponsor this bill with Senator ROCKEFELLER and Senator SPECTER, the Persian Gulf War Veterans Act of 1998, to be considered by the Committee on Veterans' Affairs as it meets to address pending legislation. I hope that the Committee will receive it favorably, and that the Senate can move to address the needs of our nations newest conflict veterans and stem the crisis of confidence that the slow and often stumbling Government response to this health care dilemma has created in our servicemen and women, and in our veterans.

Mr. President, the men and women who go into combat for the rest of us deserve our lasting gratitude. They also deserve to have their wounded compatriots properly and aggressively taken care of and that is what President Lincoln meant when he said, ''To take care of him who has borne the battle, and his widow and children'' which the Department of Veterans Affairs has adopted as its motto. When we fail to do this, we undermine that covenant, and we put cold and daunting doubt in the hearts of those who might otherwise consider volunteering for that hard duty.

To those who are concerned, as I am, about readiness in our military, I say that this is the final element of all the recruiting, advertising, and patriotic appeals to join the military and serve the nation in uniform. This is the element that seals the deal—the commitment to care for our soldiers who are wounded in service. It must be there, and our men and women in uniform must be confident in its compassion and in its endurance, or no signing bonus will keep volunteers in the military. We took too long to follow through with our veterans from Vietnam, and we are in danger of making the same mistake with our veterans from the Persian Gulf:

> A man who is good enough to shed his blood for his country is good enough to be given a square deal afterwards. More than that no man is entitled to, and less than that no man shall have.

So said President Theodore Roosevelt on another Independence Day 95 years ago, on July 4, 1903, following the Spanish-American War. I believe that this Congress wants to, and will, live up to that sentiment.

Mr. ROCKEFELLER. Mr. President, along with Senator BYRD and Senator SPECTER, I am proud to introduce today the ''Persian Gulf War Veterans Act of 1998.'' This bipartisan legislation establishes a clear framework for the compensation and health care needs of Gulf War veterans. This bill would create a permanent statutory authority for the compensation of ill Gulf War veterans. It builds upon the system of scientific review and determinations for presumptive compensation that currently exists for veterans exposed to Agent Orange during the Vietnam War and builds upon S. 1320, which I introduced last October.

The bill we introduce today is an even more comprehensive effort to address the needs of our Nation's Gulf War veterans. Senator BYRD's and Senator SPECTER's many contributions have served to make this an even stronger bill that will help to expedite the process of scientific review of possible wartime hazards and exposures that may have contributed to illnesses in our Gulf War veterans, which in turn expedites compensation to ill veterans. It will also help ensure health care for these men and women in the years to come, and improves the current program for evaluating the health of families of Gulf War veterans.

As Ranking Member of the Committee on Veterans' Affairs, I have witnessed firsthand the struggles of many of our Nation's Gulf War veterans. The Persian Gulf War will undoubtedly go down in history as one of our country's most decisive military victories. Despite our fears of potentially huge troop injuries and losses, the careful planning and strategy of our military leaders paid off. The ground war lasted only four days, and the casualties we experienced, while deeply regrettable, were fortunately few. But as with any war, the human costs of the Gulf War have been high, and the casualties have continued long after the battle was over.

Many of the men and women who served in the Gulf have suffered chronic, debilitating health problems. Unnecessarily compounding their pain has been their difficulty in getting the government they served to acknowledge their problems and provide the appropriate care and benefits they deserve. This legislation will go a long way to address some of these concerns. We can't wait the 20 years we waited after the Vietnam war to assess the effects of Agent Orange, or the 40 years we waited after World War II to concede the problems of radiation-exposed veterans. We must learn from the lessons of the past and act now. We have already waited too long.

For the past seven years, we have looked to the leaders of the Department of Defense and the Department of Veterans Affairs for a resolution of these difficult issues. While they have made some progress, I think we can all agree there is much more to be done. This legislation will require VA to enlist the National Academy of Sciences—an independent, nonprofit, scientific organization—to review and evaluate the research regarding links between illnesses and exposure to toxic agents and wartime hazards. Based on the findings of the NAS, VA will then determine whether a diagnosed or undiagnosed illness found to be associated with Gulf War service warrants a presumption of service connection for compensation purposes. This will provide an ongoing scientific basis and nonpolitical framework for the VA to use in compensating Persian Gulf War veterans.

Mr. President, I will now highlight some of the provisions contained in this legislation.

First, this legislation calls for the Secretary of the Department of Veterans Affairs to contract with the National Academy of Sciences (NAS) to provide a scientific basis for determining the association between illnesses and exposures to environmental or wartime hazards as a result of service in the Persian Gulf. The NAS will review the scientific literature to assess health exposures during the Gulf War and health problems among veterans, and report to Congress and the VA.

This bill tasks the NAS with first reviewing a list of likely exposures. Such a step will jump start their review and provide NAS with an initial blueprint to build upon. This is important because it will speed up the process of providing compensation to veterans, and our veterans should not have to wait any longer.

Second, this legislation authorizes VA to presume that diagnosed or undiagnosed illnesses that have a positive association with exposures to environmental or wartime hazards were incurred in or aggravated by service even if there was no evidence of the illness during service. Having that authority, VA will determine whether there is a sound medical and scientific basis to warrant a presumption of service connection for compensation for diagnosed

or undiagnosed illnesses, based on NAS' report. Within 60 days of that determination, VA will publish proposed regulations to presumptively service connect these illnesses.

Third, this bill extends VA's authority to provide health care to Gulf War veterans through December 31, 2001. After the war, DoD and VA acknowledged that they couldn't define what health problems were affecting Persian Gulf War veterans. Nonetheless, we did not want to make these veterans wait for the science to catch up before we could provide health care and compensation for their service-related conditions. That is why, back in 1993, we provided Persian Gulf War veterans with priority health care at VA facilities for conditions related to their exposure to environmental hazards. Gulf War veterans' access to health care through VA must be continue to be ensured.

Fourth, this bill requires NAS to provide recommendations for additional research that should be conducted to better understand the possible adverse health effects of exposures to toxic agents or environmental or wartime hazards associated with Gulf War service. The VA, in conjunction with the Department of Defense (DoD) and the Department of Health and Human Services (HHS), will review and act upon the recommendations for additional research and future studies.

Fifth, this legislation tasks NAS with assessing potential treatment models for the chronic undiagnosed illnesses that have affected so many of our Gulf War veterans. They will make recommendations for additional studies to determine the most appropriate and scientifically sound treatments. VA and DoD will review this information and submit a report to Congress describing whether they will implement these treatment models and their rationale for their decisions.

In addition, this legislation calls for the establishment of a system to monitor the health status of Persian Gulf War veterans over time. VA, in collaboration with DoD, will develop a plan to establish and operate a computerized information data set to collect information on the illnesses and health problems of Gulf War veterans. This data base will also track health care utilization of veterans with chronic undiagnosed illnesses to better evaluate these veterans' health care needs. VA and DoD will submit this plan for review and comment by NAS. After this review, VA and DoD will implement the agreed-upon plan and provide annual reports to Congress on the health status of Persian Gulf War veterans.

Also, this legislation requires that VA, in consultation with DoD and HHS, carry out an ongoing outreach program to provide information to Gulf War veterans. This information will include health risks, if any, from exposures during service in the Gulf War theater of operations, and any additional services or benefits that are available.

This bill also extends and improves upon VA's Persian Gulf War Spouse and Children Evaluation Program to allow VA greater flexibility in the implementation of this important program and to allow for greater access for the families who seek medical evaluations.

Finally, this bill requires the Secretary of VA to enter into an agreement with the National Academy of Sciences to study the feasibility of establishing, as an independent entity, a National Center for the Study of Military Health. The proposed center would evaluate and monitor interagency coordination on issues relating to post-deployment health concerns of members of the Armed Forces. In addition, this center would evaluate the health care provided to members of the Armed Services both before and after their deployment on military operations. It could also monitor and direct government efforts to evaluate the health of servicemembers upon their return from military deployments, for purposes of ensuring the rapid identification of any trends in diseases or injuries that result from such operations. Finally, such an independent health center could also serve an important role in providing training of health care professionals in DoD and VA in the evaluation and treatment of post-conflict diseases and health conditions, including nonspecific and unexplained illnesses.

We will continue to retrace the steps and decisions that were made in deploying almost 697,000 men and women to the Persian Gulf in 1990. Hopefully, we will learn from the lessons of this war to prevent some of these same health problems in future deployments, where our troops will again face the threat of an ever changing and increasingly toxic combat environment. But we also must address what our ill Gulf War veterans need now. We need to provide a permanent statutory authority to compensate them. We need to be able to answer the questions of ''How many veterans are ill?'' and ''Are our ill veterans getting sicker over time?''

Mr. President, this legislation targets these important issues. I ask my colleagues in the Senate to join Senator BYRD, Senator SPECTER, and me in supporting this legislation.

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. 2358

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Persian Gulf War Veterans Act of 1998''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SERVICE CONNECTION FOR GULF WAR ILLNESSES

Sec. 101. Presumption of service connection for illnesses associated with service in the Persian Gulf during the Persian Gulf War.

Sec. 102. Agreement with National Academy of Sciences.

Sec. 103. Monitoring of health status and health care of Persian Gulf War veterans.

Sec. 104. Reports on recommendations for additional scientific research.

Sec. 105. Outreach.

Sec. 106. Definitions.

TITLE II—EXTENSION AND ENHANCEMENT OF GULF WAR HEALTH CARE AUTHORITIES

Sec. 201. Extension of authority to provide health care for Persian Gulf War veterans.

Sec. 202. Extension and improvement of evaluation of health status of spouses and children of Persian Gulf War veterans.

TITLE III—MISCELLANEOUS

Sec. 301. Assessment of establishment of independent entity to evaluate post-conflict illnesses among members of the Armed Forces and health care provided by DoD and VA before and after deployment of such members.

TITLE I—SERVICE CONNECTION FOR GULF WAR ILLNESSES

SEC. 101. PRESUMPTION OF SERVICE CONNECTION FOR ILLNESSES ASSOCIATED WITH SERVICE IN THE PERSIAN GULF DURING THE PERSIAN GULF WAR.

(a) IN GENERAL.—(1) Subchapter II of chapter 11 of title 38, United States Code, is amended by adding at the end the following:

''§ 1118. Presumptions of service connection for illnesses associated with service in the Persian Gulf during the Persian Gulf War

''(a)(1) For purposes of section 1110 of this title, and subject to section 1113 of this title, each illness, if any, described in paragraph (2) shall be considered to have been incurred in or aggravated by service referred to in that paragraph, notwithstanding that there is no record of evidence of such illness during the period of such service.

''(2) An illness referred to in paragraph (1) is any diagnosed or undiagnosed illness that—

''(A) the Secretary determines in regulations prescribed under this section to warrant a presumption of service connection by reason of having a positive association with exposure to a biological, chemical, or other toxic agent, environmental or wartime hazard, or preventive medicine or vaccine known or presumed to be associated with service in the Armed Forces in the Southwest Asia theater of operations during the Persian Gulf War; and

''(B) becomes manifest within the period, if any, prescribed in such regulations in a veteran who served on active duty in that theater of operations during that war and by reason of such service was exposed to such agent, hazard, or medicine or vaccine.

''(3) For purposes of this subsection, a veteran who served on active duty in the Southwest Asia theater of operations during the Persian Gulf War and has an illness described in paragraph (2) shall be presumed to have been exposed by reason of such service to the agent, hazard, or medicine or vaccine associated with the illness in the regulations prescribed under this section unless there is conclusive evidence to establish that the veteran was not exposed to the agent, hazard, or medicine or vaccine by reason of such service.

''(b)(1)(A) Whenever the Secretary makes a determination described in subparagraph (B), the Secretary shall prescribe regulations providing that a presumption of service connection is warranted for the illness covered by that determination for purposes of this section.

''(B) A determination referred to in subparagraph (A) is a determination based on sound medical and scientific evidence that a positive association exists between—

''(i) the exposure of humans or animals to a biological, chemical, or other toxic agent, environmental or wartime hazard, or preventive medicine or vaccine known or presumed to be associated with service in the Southwest Asia theater of operations during the Persian Gulf War; and

''(ii) the occurrence of a diagnosed or undiagnosed illness in humans or animals.

''(2)(A) In making determinations for purposes of paragraph (1), the Secretary shall take into account—

''(i) the reports submitted to the Secretary by the National Academy of Sciences under section 102 of the Persian Gulf War Veterans Act of 1998; and

''(ii) all other sound medical and scientific information and analyses available to the Secretary.

''(B) In evaluating any report, information, or analysis for purposes of making such determinations, the Secretary shall take into consideration whether the results are statistically significant, are capable of replication, and withstand peer review.

''(3) An association between the occurrence of an illness in humans or animals and exposure to an agent, hazard, or medicine or vaccine shall be considered to be positive for purposes of this subsection if the credible evidence for the association is equal to or outweighs the credible evidence against the association.

''(c)(1) Not later than 60 days after the date on which the Secretary receives a report from the National Academy of Sciences under section 102 of the Persian Gulf War Veterans Act of 1998, the Secretary shall determine whether or not a presumption of service connection is warranted for each illness, if any, covered by the report.

''(2) If the Secretary determines under this subsection that a presumption of service connection is warranted, the Secretary shall, not later than 60 days after making the determination, issue proposed regulations setting forth the Secretary's determination.

''(3)(A) If the Secretary determines under this subsection that a presumption of service connection is not warranted, the Secretary shall, not later than 60 days after making the determination, publish in the Federal Register a notice of the determination. The notice shall include an explanation of the scientific basis for the determination.

''(B) If an illness already presumed to be service connected under this section is subject to a determination under subparagraph (A), the Secretary shall, not later than 60 days after publication of the notice under that subparagraph, issue proposed regulations removing the presumption of service connection for the illness.

''(4) Not later than 90 days after the date on which the Secretary issues any proposed regulations under this subsection, the Secretary shall issue final regulations. Such regulations shall be effective on the date of issuance.

''(d) Whenever the presumption of service connection for an illness under this section is removed under subsection (c)—

''(1) a veteran who was awarded compensation for the illness on the basis of the presumption before the effective date of the removal of the presumption shall continue to be entitled to receive compensation on that basis; and

''(2) a survivor of a veteran who was awarded dependency and indemnity compensation for the death of a veteran resulting from the illness on the basis of the presumption before that date shall continue to be entitled to receive dependency and indemnity compensation on that basis.

''(e) Subsections (b) through (d) shall cease to be effective 10 years after the first day of the fiscal year in which the National Academy of Sciences submits to the Secretary the first report under section 102 of the Persian Gulf War Veterans Act of 1998.''.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1117 the following new item:

''1118. Presumptions of service connection for illnesses associated with service in the Persian Gulf during the Persian Gulf War.''.

(b) CONFORMING AMENDMENTS.—Section 1113 of title 38, United States Code, is amended—

(1) by striking out ''or 1117'' each place it appears and inserting in lieu thereof ''1117, or 1118''; and

(2) in subsection (a), by striking out ''or 1116'' and inserting in lieu thereof '', 1116, or 1118''.

(c) COMPENSATION FOR UNDIAGNOSED GULF WAR ILLNESSES.—Section 1117 of title 38, United States Code, is amended—

(1) by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively; and

(2) by inserting after subsection (b) the following new subsection (c):

''(c)(1) Whenever the Secretary determines under section 1118(c) of this title that a presumption of service connection for an undiagnosed illness (or combination of undiagnosed illnesses) previously established under this section is no longer warranted—

''(A) a veteran who was awarded compensation under this section for such illness (or combination of illnesses) on the basis of the presumption shall continue to be entitled to receive compensation under this section on that basis; and

''(B) a survivor of a veteran who was awarded dependency and indemnity compensation for the death of a veteran resulting from the disease on the basis of the presumption before that date shall continue to be entitled to receive dependency and indemnity compensation on that basis.

''(2) This subsection shall cease to be effective 10 years after the first day of the fiscal year in which the National Academy of Sciences submits to the Secretary the first report under section 102 of the Persian Gulf War Veterans Act of 1998.''.

SEC. 102. AGREEMENT WITH NATIONAL ACADEMY OF SCIENCES.

(a) PURPOSE.—The purpose of this section is to provide for the National Academy of Sciences, an independent nonprofit scientific organization with appropriate expertise, to review and evaluate the available scientific evidence regarding associations between illnesses and exposure to toxic agents, environmental or wartime hazards, or preventive medicines or vaccines associated with Gulf War service.

(b) AGREEMENT.—The Secretary of Veterans Affairs shall seek to enter into an agreement with the National Academy of Sciences for the Academy to perform the activities covered by this section and sections 103(a)(6) and 104(d). The Secretary shall seek to enter into the agreement not later than two months after the date of enactment of this Act.

(c) IDENTIFICATION OF AGENTS AND ILLNESSES.—(1) Under the agreement under subsection (b), the National Academy of Sciences shall—

(A) identify the biological, chemical, or other toxic agents, environmental or wartime hazards, or preventive medicines or vaccines to which members of the Armed Forces who served in the Southwest Asia theater of operations during the Persian Gulf War may have been exposed by reason of such service; and

(B) identify the illnesses (including diagnosed illnesses and undiagnosed illnesses) that are manifest in such members.

(2) In identifying illnesses under paragraph (1)(B), the Academy shall review and summarize the relevant scientific evidence regarding illnesses among the members described in paragraph (1)(A) and among other appropriate populations of individuals, including mortality, symptoms, and adverse reproductive health outcomes among such members and individuals.

(d) INITIAL CONSIDERATION OF SPECIFIC AGENTS.—(1) In identifying under subsection (c) the agents, hazards, or preventive medicines or vaccines to which members of the Armed Forces may have been exposed for purposes of the first report under subsection (i), the National Academy of Sciences shall consider, within the first six months after the date of enactment of this Act, the following:

(A) The following organophosphorous pesticides:

(i) Chlorpyrifos.

(ii) Diazinon.

(iii) Dichlorvos.

(iv) Malathion.

(B) The following carbamate pesticides:

(i) Proxpur.

(ii) Carbaryl.

(iii) Methomyl.

(C) The carbamate pyridostigmine bromide used as nerve agent prophylaxis.

(D) The following chlorinated dydrocarbon and other pesticides and repellents:

(i) Lindane.

(ii) Pyrethrins.

(iii) Permethrins.

(iv) Rodenticides (bait).

(v) Repellent (DEET).

(E) The following low-level nerve agents and precursor compounds at exposure levels below those which produce immediately apparent incapacitating symptoms:

(i) Sarin.

(ii) Tabun.

(F) The following synthetic chemical compounds:

(i) Mustard agents at levels below those which cause immediate blistering.

(ii) Volatile organic compounds.

(iii) Hydrazine.

(iv) Red fuming nitric acid.

(v) Solvents.

(vi) Uranium.

(G) The following ionizing radiation:

(i) Depleted uranium.

(ii) Microwave radiation.

(iii) Radio frequency radiation.

(H) The following environmental particulates and pollutants:

(i) Hydrogen sulfide.

(ii) Oil fire byproducts.

(iii) Diesel heater fumes.

(iv) Sand micro-particles.

(I) Diseases endemic to the region (including the following):

(i) Leishmaniasis.

(ii) Sandfly fever.

(iii) Pathogenic escherechia coli.

(iv) Shigellosis.

(J) Time compressed administration of multiple live, 'attenuated', and toxoid vaccines.

(2) The consideration of agents, hazards, and medicines and vaccines under paragraph (1) shall not preclude the Academy from identifying other agents, hazards, or medicines or vaccines to which members of the

Armed Forces may have been exposed for purposes of any report under subsection (i).

(3) Not later than six months after the date of enactment of this Act, the National Academy of Science shall submit to the designated congressional committees a report specifying the agents, hazards, and medicines and vaccines considered under paragraph (1).

(e) DETERMINATIONS OF ASSOCIATIONS BETWEEN AGENTS AND ILLNESSES.—(1) For each agent, hazard, or medicine or vaccine and illness identified under subsection (c), the National Academy of Sciences shall determine, to the extent that available scientific data permit meaningful determinations—

(A) whether a statistical association exists between exposure to the agent, hazard, or medicine or vaccine and the illness, taking into account the strength of the scientific evidence and the appropriateness of the scientific methodology used to detect the association;

(B) the increased risk of the illness among human or animal populations exposed to the agent, hazard, or medicine or vaccine; and

(C) whether a plausible biological mechanism or other evidence of a causal relationship exists between exposure to the agent, hazard, or medicine or vaccine and the illness.

(2) The Academy shall include in its reports under subsection (i) a full discussion of the scientific evidence and reasoning that led to its conclusions under this subsection.

(f) REVIEW OF POTENTIAL TREATMENT MODELS FOR CERTAIN ILLNESSES.—Under the agreement under subsection (b), the National Academy of Sciences shall separately review, for each chronic undiagnosed illness identified under subsection (c)(1)(B) and for any other chronic illness that the Academy determines to warrant such review, the available scientific data in order to identify empirically valid models of treatment for such illnesses which employ successful treatment modalities for populations with similar symptoms.

(g) RECOMMENDATIONS FOR ADDITIONAL SCIENTIFIC STUDIES.—(1) Under the agreement under subsection (b), the National Academy of Sciences shall make any recommendations that it considers appropriate for additional scientific studies (including studies relating to treatment models) to resolve areas of continuing scientific uncertainty relating to the health consequences of exposure to toxic agents, environmental or wartime hazards, or preventive medicines or vaccines associated with Gulf War service.

(2) In making recommendations for additional studies, the Academy shall consider the available scientific data, the value and relevance of the information that could result from such studies, and the cost and feasibility of carrying out such studies.

(h) SUBSEQUENT REVIEWS.—(1) Under the agreement under subsection (b), the National Academy of Sciences shall conduct on a periodic and ongoing basis additional reviews of the evidence and data relating to its activities under this section.

(2) As part of each review under this subsection, the Academy shall—

(A) conduct as comprehensive a review as is practicable of the evidence referred to in subsection (c) and the data referred to in subsections (e), (f), and (g) that became available since the last review of such evidence and data under this section; and

(B) make determinations under the subsections referred to in subparagraph (A) on the basis of the results of such review and all other reviews previously conducted for purposes of this section.

(i) REPORTS.—(1) Under the agreement under subsection (b), the National Academy of Sciences shall submit to the committees and officials referred to in paragraph (5) periodic written reports regarding the Academy's activities under the agreement.

(2) The first report under paragraph (1) shall be submitted not later than 18 months after the date of enactment of this Act. That report shall include—

(A) the determinations and discussion referred to in subsection (e);

(B) the results of the review of models of treatment under subsection (f); and

(C) any recommendations of the Academy under subsection (g).

(3) Reports shall be submitted under this subsection at least once every two years, as measured from the date of the report under paragraph (2).

(4) In any report under this subsection (other than the report under paragraph (2)), the Academy may specify an absence of meaningful developments in the scientific or medical community with respect to the activities of the Academy under this section during the 2-year period ending on the date of such report.

(5) Reports under this subsection shall be submitted to the following:

(A) The designated congressional committees.

(B) The Secretary of Veterans Affairs.

(C) The Secretary of Defense.

(j) SUNSET.—This section shall cease to be effective 10 years after the last day of the fiscal year in which the National Academy of Sciences submits the first report under subsection (i).

(k) ALTERNATIVE CONTRACT SCIENTIFIC ORGANIZATION.—(1) If the Secretary is unable within the time period set forth in subsection (b) to enter into an agreement with the National Academy of Sciences for the purposes of this section on terms acceptable to the Secretary, the Secretary shall seek to enter into an agreement for purposes of this section with another appropriate scientific organization that is not part of the Government, operates as a not-for-profit entity, and has expertise and objectivity comparable to that of the National Academy of Sciences.

(2) If the Secretary enters into an agreement with another organization under this subsection, any reference in this section, sections 103 and 104, and section 1118 of title 38, United States Code (as added by section 101), to the National Academy of Sciences shall be treated as a reference to such other organization.

SEC. 103. MONITORING OF HEALTH STATUS AND HEALTH CARE OF PERSIAN GULF WAR VETERANS.

(a) INFORMATION DATA BASE.—(1) The Secretary of Veterans Affairs shall, in consultation with the Secretary of Defense, develop a plan for the establishment and operation of a single computerized information data base for the collection, storage, and analysis of information on—

(A) the diagnosed illnesses and undiagnosed illnesses suffered by current and former members of the Armed Forces who served in the Southwest Asia theater of operations during the Persian Gulf War; and

(B) the health care utilization patterns of such members with—

(i) any chronic undiagnosed illnesses; and

(ii) any chronic illnesses for which the National Academy of Sciences has identified a valid model of treatment pursuant to its review under section 102(f).

(2) The plan shall provide for the commencement of the operation of the data base not later than 18 months after the date of enactment of this Act.

(3) The Secretary shall ensure in the plan that the data base provides the capability of monitoring and analyzing information on—

(A) the illnesses covered by paragraph (1)(A);

(B) the health care utilization patterns referred to in paragraph (1)(B); and

(C) the changes in health status of veterans covered by paragraph (1).

(4) In order to meet the requirement under paragraph (3), the plan shall ensure that the data base includes the following:

(A) Information in the Persian Gulf War Veterans Health Registry established under section 702 of the Persian Gulf War Veterans' Health Status Act (title VII of Public Law 102–585; 38 U.S.C. 527 note).

(B) Information in the Comprehensive Clinical Evaluation Program for Veterans established under section 734 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (10 U.S.C. 1074 note).

(C) Information derived from other examinations and treatment provided by Department of Veterans Affairs health care facilities to veterans who served in the Southwest Asia theater of operations during the Persian Gulf War.

(D) Information derived from other examinations and treatment provided by military health care facilities to current members of the Armed Forces (including members of the active components and members of the reserve components) who served in that theater of operations during that war.

(E) Such other information as the Secretary of Veterans Affairs and the Secretary of Defense consider appropriate.

(5) Not later than one year after the date of enactment of this Act, the Secretary shall submit the plan developed under paragraph (1) to the following:

(A) The designated congressional committees.

(B) The Secretary of Veterans Affairs.

(C) The Secretary of Defense.

(D) The National Academy of Sciences.

(6)(A) The agreement under section 102 shall require the evaluation of the plan developed under paragraph (1) by the National Academy of Sciences. The Academy shall complete the evaluation of the plan not later than 90 days after the date of its submittal to the Academy under paragraph (5).

(B) Upon completion of the evaluation, the Academy shall submit a report on the evaluation to the committees and individuals referred to in paragraph (5).

(7) Not later than 90 days after receipt of the report under paragraph (6), the Secretary shall—

(A) modify the plan in light of the evaluation of the Academy in the report; and

(B) commence implementation of the plan as so modified.

(b) ANNUAL REPORT.—Not later than April 1 each year after the year in which operation of the data base under subsection (a) commences, the Secretary of Veterans Affairs and the Secretary of Defense shall jointly submit to the designated congressional committees a report containing—

(1) with respect to the data compiled under this section during the preceding year—

(A) an analysis of the data;

(B) a discussion of the types, incidences, and prevalence of the illnesses identified through such data;

(C) an explanation for the incidence and prevalence of such illnesses; and

(D) other reasonable explanations for the incidence and prevalence of such illnesses; and

(2) with respect to the most current information received under section 102(i) regarding treatment models reviewed under section 102(f)—

(A) an analysis of the information;

(B) the results of any consultation between such Secretaries regarding the implementation of such treatment models in the health care systems of the Department of Veterans Affairs and the Department of Defense; and

(C) in the event either such Secretary determines not to implement such treatment models, an explanation for such determination.

SEC. 104. REPORTS ON RECOMMENDATIONS FOR ADDITIONAL SCIENTIFIC RESEARCH.

(a) REPORTS.—Not later than 90 days after the date on which the Secretary of Veterans Affairs receives any recommendations from the National Academy of Sciences for additional scientific studies under section 102(g), the Secretary of Veterans Affairs, Secretary of Defense, and Secretary of Health and Human Services shall jointly submit to the designated congressional committees a report on such recommendations, including whether or not the Secretaries intend to carry out any recommended studies.

(b) ELEMENTS.—In each report under subsection (a), the Secretaries shall—

(1) set forth a plan for each study, if any, that the Secretaries intend to carry out; or

(2) in case of each study that the Secretaries intend not to carry out, set forth a justification for the intention not to carry out such study.

SEC. 105. OUTREACH.

(a) OUTREACH BY SECRETARY OF VETERANS AFFAIRS.—The Secretary of Veterans Affairs shall, in consultation with the Secretary of Defense and the Secretary of Health and Human Services, carry out an ongoing program to provide veterans who served in the Southwest Asia theater of operations during the Persian Gulf War the information described in subsection (c).

(b) OUTREACH BY SECRETARY OF DEFENSE.—The Secretary of Defense shall, in consultation with the Secretary of Veterans Affairs and the Secretary of Health and Human Services, carry out an ongoing program to provide current members of the Armed Forces (including members of the active components and members of the reserve components) who served in that theater of operations during that war the information described in subsection (c).

(c) COVERED INFORMATION.—Information under this subsection is information relating to—

(1) the health risks, if any, resulting from exposure to toxic agents, environmental or wartime hazards, or preventive medicines or vaccines associated with Gulf War service; and

(2) any services or benefits available with respect to such health risks.

SEC. 106. DEFINITIONS.

In this title:

(1) The term ''toxic agent, environmental or wartime hazard, or preventive medicine or vaccine associated with Gulf War service'' means a biological, chemical, or other toxic agent, environmental or wartime hazard, or preventive medicine or vaccine that is known or presumed to be associated with service in the Armed Forces in the Southwest Asia theater of operations during the Persian Gulf War, whether such association arises as a result of single, repeated, or sustained exposure and whether such association arises through exposure singularly or in combination.

(2) The term ''designated congressional committees'' means the following:

(A) The Committees on Veterans' Affairs and Armed Services of the Senate.

(B) The Committees on Veterans' Affairs and National Security of the House of Representatives.

(3) The term ''Persian Gulf War'' has the meaning given that term in section 101(33) of title 38, United States Code.

TITLE II—EXTENSION AND ENHANCEMENT OF GULF WAR HEALTH CARE AUTHORITIES

SEC. 201. EXTENSION OF AUTHORITY TO PROVIDE HEALTH CARE FOR PERSIAN GULF WAR VETERANS.

Section 1710(e)(3)(B) of title 38, United States Code, is amended by striking out ''December 31, 1998'' and inserting in lieu thereof ''December 31, 2001''.

SEC. 202. EXTENSION AND IMPROVEMENT OF EVALUATION OF HEALTH STATUS OF SPOUSES AND CHILDREN OF PERSIAN GULF WAR VETERANS.

(a) EXTENSION.—Subsection (b) of section 107 of the Persian Gulf War Veterans' Benefits Act (title I of Public Law 103–446; 38 U.S.C. 1117 note) is amended by striking out ''ending on December 31, 1998.'' and inserting in lieu thereof ''ending on the earlier of—

''(1) the date of the completion of expenditure of funds available for the program under subsection (c); or

''(2) December 31, 2001.''.

(b) TERMINATION OF CERTAIN TESTING AND EVALUATION REQUIREMENTS.—Subsection (a) of that section is amended by striking out the flush matter following paragraph (3).

(c) OUTREACH.—Subsection (g) of that section is amended—

(1) by inserting ''(1)'' before ''The Secretary'';

(2) by redesignating paragraphs (1) and (2) of paragraph (1), as designated by paragraph (1) of this subsection, as subparagraphs (A) and (B) of that paragraph; and

(3) by adding at the end the following new paragraphs:

''(2) In addition to the outreach activities under paragraph (1), the Secretary shall also provide outreach with respect to the following:

''(A) The existence of the program under this section.

''(B) The purpose of the program.

''(C) The availability under the program of medical examinations and tests, and not medical treatment.

''(D) The findings of any published, peer-reviewed research with respect to any associations (or lack thereof) between the service of veterans in the Southwest Asia theater of operations and particular illnesses or disorders of their spouses or children.

''(3) Outreach under this subsection shall be provided any veteran who served as a member of the Armed Forces in the Southwest Asia theater of operations and who—

''(A) seeks health care or services at medical facilities of the Department of Veterans Affairs; or

''(B) is or seeks to be listed in the Persian Gulf War Veterans Registry.''.

(d) ENHANCED FLEXIBILITY IN EXAMINATIONS.—That section is further amended—

(1) by redesignating subsections (i) and (j) as subsections (k) and (*l*), respectively; and

(2) by inserting after subsection (h) the following new subsection (i):

''(i) ENHANCED FLEXIBILITY IN EXAMINATIONS.—In order to increase the number of diagnostic tests and medical examinations under the program under this section, the Secretary may—

''(1) reimburse the primary physicians of spouses and children covered by that subsection for the costs of conducting such tests or examinations, with such rates of reimbursement not to exceed the rates paid contract entities under subsection (d) for conducting tests or examinations under the program;

''(2) conduct such tests or examinations of spouses covered by that subsection in medical facilities of the Department; and

''(3) in the event travel is required in order to facilitate such tests or examinations by contract entities referred to in paragraph (1), reimburse the spouses and children concerned for the costs of such travel and of related lodging.''.

(e) ENHANCED MONITORING OF PROGRAM.—That section is further amended by inserting after subsection (i), as amended by subsection (d) of this section, the following new subsection (j):

''(j) ENHANCED MONITORING OF PROGRAM.—In order to enhance monitoring of the program under this section, the Secretary shall provide for monthly reports to the Central Office of the Department on activities with respect to the program by elements of the Department and contract entities under subsection (d).''.

TITLE III—MISCELLANEOUS

SEC. 301. ASSESSMENT OF ESTABLISHMENT OF INDEPENDENT ENTITY TO EVALUATE POST-CONFLICT ILLNESSES AMONG MEMBERS OF THE ARMED FORCES AND HEALTH CARE PROVIDED BY DOD AND VA BEFORE AND AFTER DEPLOYMENT OF SUCH MEMBERS.

(a) AGREEMENT FOR ASSESSMENT.—The Secretary of Veterans Affairs shall seek to enter into an agreement with the National Academy of Sciences, or other appropriate independent organization, under which agreement the Academy shall carry out the assessment referred to in subsection (b).

(b) ASSESSMENT.—(1) Under the agreement, the Academy shall assess the need for and feasibility of establishing an independent entity to—

(A) evaluate and monitor interagency coordination on issues relating to the post-deployment health concerns of members of the Armed Forces, including coordination relating to outreach and risk communication, recordkeeping, research, utilization of new technologies, international cooperation and research, health surveillance, and other health-related activities;

(B) evaluate the health care (including preventive care and responsive care) provided to members of the Armed Forces both before and after their deployment on military operations;

(C) monitor and direct government efforts to evaluate the health of members of the Armed Forces upon their return from deployment on military operations for purposes of ensuring the rapid identification of any trends in diseases or injuries among such members as a result of such operations;

(D) provide and direct the provision of ongoing training of health care personnel of the Department of Defense and the Department of Veterans Affairs in the evaluation and treatment of post-deployment diseases and health conditions, including nonspecific and unexplained illnesses; and

(E) make recommendations to the Department of Defense and the Department of Veterans Affairs regarding improvements in the provision of health care referred to in subparagraph (B), including improvements in the monitoring and treatment of members referred to in that subparagraph.

(2) The assessment shall cover the health care provided by the Department of Defense and, where applicable, by the Department of Veterans Affairs.

(c) REPORT.—(1) The agreement shall require the Academy to submit to the committees referred to in paragraph (3) a report on the results of the assessment under this section not later than one year after the date of enactment of this Act.

(2) The report shall include the following:

(A) The recommendation of the Academy as to the need for and feasibility of establishing an independent entity as described in subsection (b) and a justification of such recommendation.

(B) If the Academy recommends that an entity be established, the recommendations of the Academy as to—

(i) the organizational placement of the entity;

(ii) the personnel and other resources to be allocated to the entity;

(iii) the scope and nature of the activities and responsibilities of the entity; and

(iv) mechanisms for ensuring that any recommendations of the entity are carried out by the Department of Defense and the Department of Veterans Affairs.

(3) The report shall be submitted to the following:

(A) The Committee on Veterans' Affairs and the Committee on Armed Services of the Senate.

(B) The Committee on Veterans' Affairs and the Committee on National Security of the House of Representatives.

Mr. SPECTER. Mr. President, I am very pleased to join my colleagues Senator BYRD and Senator ROCKEFELLER who have worked so carefully in crafting this legislation, the Persian Gulf War Veterans Act of 1998. Thus, I am pleased to be an original co-sponsor on this bill.

This is a major piece of legislation on behalf of a very important group of veterans. For too long, many Gulf War veterans unsuccessfully have sought promised assistance from our government for the troubling and unexplained health problems they have suffered since they returned home from the Gulf War conflict seven years ago. This bill will fill important gaps in the current health care services and compensation benefits actually being provided to these veterans. It will advance efforts to determine what happened to these veterans during their deployment that may have affected their current health. It also provides a mechanism for an independent scientific entity—the National Academy of Sciences—to identify on a scientific basis linkages between toxic substances to which Gulf War veterans were exposed during their deployment and the illnesses that many now suffer, and for the Secretary of Veterans Affairs to issue regulations based on the NAS's findings creating presumptions of service connection for health care and benefits purposes for Gulf War veterans.

This bill is the latest in a series of laws we have passed in recognition of the deep debt we owe those brave men and women who answered their country's call and put their lives on the line on behalf of us all during the Gulf War. Although that war ended quickly with relatively few immediate casualties, the long term impact of that deployment—which had as a daily reality the very real threat that Iraq would use chemical or biological weapons—was immense and unanticipated. The casualties now are those Gulf War veterans who, several years after the war, have a variety of symptoms and illnesses that fall into no set pattern but for which they still cannot get effective help from our government. This is, unfortunately, particularly true at the Department of Veterans Affairs, which has as its mission the care for and compensation of veterans who fall ill as a result of their military service, and is why this bill focuses on directing the VA to take steps to remedy the situation that many Gulf War veterans find themselves in. It is clear that many Gulf War veterans are suffering from very real physical problems, many of which are still-evolving and the cause of which remains unclear. Effective treatments in many cases have yet to be identified, and even where treatment could be helpful it is not yet uniformly provided to all Gulf War veterans who seek it. And, individuals who develop health problems after their service in the Gulf continue to encounter significant problems in obtaining adequate and timely compensation benefits.

It is true that the Department of Veterans Affairs has instituted programs and made efforts to treat Gulf War veterans. But clearly, the current realization of those efforts is not worthy of what these veterans—who have been identified as a high priority group by VA itself—deserve. As I travel through my home state of Pennsylvania, I hear over and over again the heartbreaking stories of ill Gulf War veterans and their families, who are understandably frightened about their future health prospects and are frustrated by their attempts to get timely and effective health care assistance and compensation benefits. This bill should help remove some of the barriers to obtaining these services from the VA. It should also help shift to the government the burden that in the past has too often fallen on the veteran to demonstrate that he or she is ill and why. It does this by establishing a structured means for seeking potential positive associations between troop exposures to one or more environmental hazards in the Gulf region and the unexplained illnesses that many now face every day. It compels VA to not just treat these ill veterans in isolation and on an ad hoc basis but to monitor their health status over time, and requires more research and outreach programs to make sure every potentially useful area of research into treatment as well as causation is pursued, and that Gulf War veterans know how to obtain the VA's services that are provided on their behalf. It also enhances VA's authority to implement the program for examinations of the spouses and children of these veterans under a program that we established some years ago but that VA has utterly failed to implement in a truly effective way.

This is another opportunity for us to learn from the past and not repeat the delays or mistakes that were made in helping the veterans of previous conflicts who have suffered long term, adverse health consequences as a result of their military service. America's Gulf War veterans deserve no less.

By Mr. INHOFE (for himself, Mr. FAIRCLOTH, Mr. LUGAR, Mr. KERRY, Mr. BAUCUS, Mr. LAUTENBERG, Mr. WYDEN, Mr. GRAHAM, Mr. JEFFORDS, and Mr. DOMENICI):

S. 2359. A bill to amend the National Environmental Education Act to extend the programs under the Act, and for other purposes; to the Committee on Environment and Public Works.

NATIONAL ENVIRONMENTAL AMENDMENTS ACT OF 1998

• Mr. INHOFE. Mr. President, today I introduce legislation to reauthorize the National Environment Education Act. I am joined by my colleagues Senators FAIRCLOTH, LUGAR, KERRY, BAUCUS, LAUTENBERG, WYDEN, GRAHAM, JEFFORDS, and DOMENICI.

Over the last few years environmental education has been criticized for being one-sided and heavy-handed. People have accused environmental advocates of trying to brainwash children and of pushing an environmental agenda that is not supported by the facts or by science. They also accuse the Federal government of setting one curriculum standard and forcing all schools to subscribe to their views. This is not how these two environmental education programs have worked, and I have taken specific steps to ensure that they never work this way.

This legislation accomplishes two important functions. First, it cleans up the current law to make the programs run more efficiently. And second, it places two very important safeguards in the program to ensure its integrity in the future.

I have placed in this bill language to ensure that the EPA programs are ''balanced and scientifically sound.'' It is important that environmental education is presented in an unbiased and balanced manner. The personal values and prejudices of the educators should not be instilled in our children. Instead we must teach them to think for themselves after they have been presented with all of the facts and information. Environmental ideas must be grounded in sound science and not emotional bias. While these programs have not been guilty of this in the past, this is an important safeguard to protect the future of environmental education.

Second, I have included language which prohibits any of the funds to be used for lobbying efforts. While these programs have not used the grant process to lobby the government, there are other programs which have been accused of this and this language will ensure that this program never becomes a vehicle for the executive branch to lobby Congress.

This is an important piece of legislation, and I hope both the Senate and the House can act quickly to reauthorize these programs.

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. 2359

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 ''National Environmental Education Amendments Act of 1998''.

SEC. 2. OFFICE OF ENVIRONMENTAL EDUCATION.

Section 4 of the National Environmental Education Act (20 U.S.C. 5503) is amended—

(1) in subsection (b)—

(A) in paragraph (1) by inserting after ''support'' the following: ''balanced and scientifically sound'';

(B) by striking paragraph (6);

(C) by redesignating paragraphs (7) through (13) as paragraphs (6) through (12), respectively; and

(D) in paragraph (12) (as so redesignated), by inserting before the period the following: ''through the headquarters and the regional offices of the Agency''; and

(2) by striking subsection (c) and inserting the following:

''(c) STAFF.—The Office of Environmental Education shall—

''(1) include a headquarters staff of not more than 10 full-time equivalent employees; and

''(2) be supported by 1 full-time equivalent employee in each Agency regional office.

''(d) ACTIVITIES.—The Administrator may carry out the activities specified in subsection (b) directly or through awards of grants, cooperative agreements, or contracts.''.

SEC. 3. ENVIRONMENTAL EDUCATION GRANTS.

Section 6 of the National Environmental Education Act (20 U.S.C. 5505) is amended—

(1) in the second sentence of subsection (i), by striking ''25 percent'' and inserting ''15 percent''; and

(2) by adding at the end the following:

''(j) LOBBYING ACTIVITIES.—A grant under this section may not be used to support a lobbying activity (as described in the documents issued by the Office of Management and Budget and designated as OMB Circulars No. A–21 and No. A–122).

''(k) GUIDANCE REVIEW.—Before the Administrator issues any guidance to grant applicants, the guidance shall be reviewed and approved by the Science Advisory Board of the Agency.''.

SEC. 4. ENVIRONMENTAL INTERNSHIPS AND FELLOWSHIPS.

(a) IN GENERAL.—The National Environmental Education Act is amended—

(1) by striking section 7 (20 U.S.C. 5506); and

(2) by redesignating sections 8 through 11 (20 U.S.C. 5507 through 5510) as sections 7 through 10, respectively.

(b) CONFORMING AMENDMENTS.—The National Environmental Education Act is amended—

(1) in the table of contents in section 1(b) (20 U.S.C. prec. 5501)—

(A) by striking the item relating to section 7; and

(B) by redesignating the items relating to sections 8 through 11 as items relating to sections 7 through 10, respectively;

(2) in section 4(b) (20 U.S.C. 5503(b))—

(A) in paragraph (6) (as redesignated by section 2(1)(C)), by striking ''section 8 of this Act'' and inserting ''section 7''; and

(B) in paragraph (7) (as so redesignated), by striking ''section 9 of this Act'' and inserting ''section 8'';

(3) in section 6(c)(3) (20 U.S.C. 5505(c)(3)), by striking ''section 9(d) of this Act'' and inserting ''section 8(d)'';

(4) in the matter preceding subsection (c)(3)(A) of section 9 (as redesignated by subsection (a)(2)), by striking ''section 10(a) of this Act'' and inserting ''subsection (a)''; and

(5) in subsection (c)(2) of section 10 (as redesignated by subsection (a)(2)), by striking ''section 10(d) of this Act'' and inserting ''section 9(d)''.

SEC. 5. NATIONAL EDUCATION AWARDS.

Section 7 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended to read as follows:

''SEC. 7. NATIONAL EDUCATION AWARDS.

''The Administrator may provide for awards to be known as the 'President's Environmental Youth Awards' to be given to young people in grades kindergarten through 12 for outstanding projects to promote local environmental awareness.''.

SEC. 6. ENVIRONMENTAL EDUCATION ADVISORY COUNCIL AND TASK FORCE.

Section 8 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended—

(1) in subsection (b)(2), by striking the first and second sentences and inserting the following: ''The Advisory Council shall consist of not more than 11 members appointed by the Administrator after consultation with the Secretary. To the extent practicable, the Administrator shall appoint to the Advisory Council at least 1 representative from each of the following sectors: primary and secondary education; colleges and universities; not-for-profit organizations involved in environmental education; State departments of education and natural resources; business and industry; and senior Americans.'';

(2) in subsection (c), by striking paragraph (2) and inserting the following:

''(2) MEMBERSHIP.—Membership on the Task Force shall be open to representatives of any Federal agency actively engaged in environmental education.''; and

(3) in subsection (d), by striking paragraph (1) and inserting the following:

''(1) BIENNIAL MEETINGS.—The Advisory Council shall hold a biennial meeting on timely issues regarding environmental education and issue a report and recommendations on the proceedings of the meeting.''.

SEC. 7. NATIONAL ENVIRONMENTAL LEARNING FOUNDATION.

(a) CHANGE IN NAME.—

(1) IN GENERAL.—The first sentence of subsection (a)(1)(A) of section 9 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking ''National Environmental Education and Training Foundation'' and inserting ''National Environmental Learning Foundation''.

(2) CONFORMING AMENDMENTS.—The National Environmental Education Act (20 U.S.C. 5501 et seq.) is amended—

(A) in the item relating to section 9 (as redesignated by section 4(b)(1)(B)) of the table of contents in section 1(b) (20 U.S.C. prec. 5501), by striking ''National Environmental Education and Training Foundation'' and inserting ''National Environmental Learning Foundation'';

(B) in section 3 (20 U.S.C. 5502)—

(i) by striking paragraph (12) and inserting the following:

''(12) FOUNDATION.—'Foundation' means the National Environmental Learning Foundation'' established by section 9; and''; and

(ii) in paragraph (13), by striking ''National Environmental Education and Training Foundation'' and inserting ''National Environmental Learning Foundation'';

(C) in the heading of section 9 (as redesignated by section 4(a)(2)), by striking ''**NATIONAL ENVIRONMENTAL EDUCATION AND TRAINING FOUNDATION**'' and inserting ''**NATIONAL ENVIRONMENTAL LEARNING FOUNDATION**''; and

(D) in subsection (c) of section 10 (as redesignated by section 4(a)(2)), by striking ''National Environmental Education and Training Foundation'' and inserting ''National Environmental Learning Foundation''.

(b) BOARD OF DIRECTORS; NUMBER OF DIRECTORS.—The first sentence of subsection (b)(1)(A) of section 9 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking ''13'' and inserting ''19''.

(c) ACKNOWLEDGMENT OF DONATIONS.—Section 9(d) of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking paragraph (3) and inserting the following:

''(3) ACKNOWLEDGMENT OF DONORS.—The Foundation may acknowledge receipt of donations by means of a listing of the names of donors in materials distributed by the Foundation, but any such acknowledgment—

''(A) shall not appear in educational material to be presented to students; and

''(B) shall not identify a donor by means of a logo, letterhead, or other corporate commercial symbol, slogan, or product.''.

SEC. 8. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking subsections (a) and (b) and inserting the following:

''(a) IN GENERAL.—There are authorized to be appropriated to the Environmental Protection Agency to carry out this Act $10,000,000 for each of fiscal years 1999 through 2004.

''(b) LIMITATIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), of the amounts appropriated under subsection (a) for a fiscal year—

''(A) not more than 25 percent may be used for the activities of the Office of Environmental Education;

''(B) not more than 25 percent may be used for the operation of the environmental education and training program;

''(C) not less than 40 percent shall be used for environmental education grants; and

''(D) 10 percent shall be used for the National Environmental Learning Foundation.

''(2) ADMINISTRATIVE EXPENSES.—Of the amounts made available under paragraph (1) for a fiscal year for the activities of the Office of Environmental Education, not more than 25 percent may be used for administrative expenses.

''(c) EXPENSE REPORT.—As soon as practicable after the end of each fiscal year, the Administrator shall submit to Congress a report stating in detail the items on which funds appropriated for the fiscal year were expended.''.

SEC. 9. EFFECTIVE DATE.

The amendments made by this Act shall take effect as of the later of—

(1) October 1, 1998; or

(2) the date of enactment of this Act.●

By Ms. SNOWE (for herself and Mr. FRIST):

S. 2360. A bill to authorize appropriations for the National Oceanic and Atmospheric Administration for Fiscal Years 1999, 2000, and 2001, and for other purposes; to the Committee on Commerce, Science, and Transportation.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AUTHORIZATION ACT OF 1998

● Ms. SNOWE. Mr. President, today I am introducing the National Oceanic and Atmospheric Administration Authorization Act of 1998. This legislation authorizes appropriations for NOAA research, operations, and other activities, reforms the operation of NOAA's hydrographic activities, authorizes continuation of the NOAA Corps, requires the development of a revised

NOAA fleet modernization plan, and makes administrative changes related to NOAA.

Mr. President, I consider NOAA to be one of the most important agencies of the Federal government. It manages and conserves living marine resources; explores, maps, and charts the ocean and its resources; describes, monitors, and predicts conditions in the atmosphere, ocean, and space environments; and issue whether forecasts and warnings, among other missions.

Certain specific NOAA activities are authorized through individual statutes such as the Coastal Zone Management Act, the Magnuson-Stevens Fishery Conservation and Management Act, the National Sea Grant College Program Act, and the Marine Protection, Research, and Sanctuaries Act. But many NOAA activities are conducted pursuant to longstanding general authorizations, and the specific details of these programs are determined administratively

Congress last enacted a general NOAA authorization in 1992 (Public Law 102–567). The National Oceanic and Atmospheric Administration Authorization Act of 1992 authorized funding for NOAA programs through FY 1993. As Chair of the Subcommittee on Oceans and Fisheries of the Commerce Committee, I think it is time for the Congress to pass an updated authorization for these NOAA programs.

My bill authorizes funding in various accounts in fiscal years 1999 through 2001 for the National Ocean Service, the National Weather Service, the National Environmental Satellite Data and Information Service, the Office of Ocean and Atmospheric Research, the National Marine Fisheries Service, Program Support, Facilities, and Fleet Maintenance and Planning.

Mr. President, the Congress should make a concerted effort to reauthorize NOAA's programs. This legislation will accomplish that objective and I would urge my colleagues to support it. ●

By Mr. INHOFE (for himself and Mr. GRAHAM):

S. 2361. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize programs for predisaster mitigation, to streamline the administration of disaster relief, to control the Federal costs of disaster assistance, and for other purposes; to the Committee on Environment and Public Works.

THE DISASTER MITIGATION ACT OF 1998

● Mr. INHOFE. Mr. President, today I introduce legislation to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act. I am introducing this legislation as the chairman of the subcommittee with jurisdiction over FEMA, the Clean Air, Wetlands, Private Property, and Nuclear Safety Subcommittee. I am joined today by my ranking member, Senator GRAHAM, who has worked closely with me in drafting this legislation. It is our intention to move swiftly through the committee process with the prospect of floor action this fall.

This bill has two main titles. The first authorizes the Predisaster Hazard Mitigation Program. This program helps communities plan for disasters before they strike which will reduce the post hazard costs associated with disasters. The second title provides a number of streamlining and cost reduction measures which will help bring into line the funds Congress ends up appropriating through supplemental budgets every time we have a major disaster.

I would like to spend a few minutes discussing two key provisions in the Predisaster Mitigation Program that I believe are very important. They relate to the Project Impact Program which was thoroughly discussed in our recent Subcommittee hearing.

Project Impact is an innovative program where FEMA is working with local communities to help them prepare for disasters. It began last year with seven pilots and was expanded this year to include one Project Impact community in every State.

Our Bill authorizes funding for the program for five years, with a sunset at the end of the five years. Based on the costs of the first 50 pilots, the funds authorized will pay for an additional 300 communities. I expect FEMA to work on how best to devolve this program to the local communities over the next five years. If this program is going to be successful then it must evolve into a State and locally run program.

Some may question why a sunset for a program like this is necessary, so let me explain. In the legislation we require the GAO to conduct a study of the program and report back to the Congress in three years. We also ask FEMA to report back on the success of the program. It is my intent that these reports make specific recommendations for the next phase of Project Impact. The House legislation only authorizes Project Impact for three years, I felt it was necessary to authorize the program for five years which will give Congress plenty of time to authorize the next phase of Project Impact.

This program cannot be another Federal bureaucratic program that continues to mushroom without clear direction and with escalating costs. At this point no one has enough experience to predict how this program should look in five years. As FEMA says, this is not just another big government program, and Congress should not treat it as one. 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. 2361

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Disaster Mitigation Act of 1998''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PREDISASTER HAZARD MITIGATION

Sec. 101. Findings and purpose.
Sec. 102. State mitigation program.
Sec. 103. Disaster assistance plans.
Sec. 104. Predisaster hazard mitigation.
Sec. 105. Study regarding predisaster hazard mitigation.
Sec. 106. Interagency task force.
Sec. 107. Maximum contribution for mitigation costs.
Sec. 108. Conforming amendment.

TITLE II—STREAMLINING AND COST REDUCTION

Sec. 201. Management costs.
Sec. 202. Assistance to repair, restore, reconstruct, or replace damaged facilities.
Sec. 203. Federal assistance to individuals and households.
Sec. 204. Repeals.
Sec. 205. State administration of hazard mitigation assistance program.
Sec. 206. Streamlining of damaged facilities program.
Sec. 207. Study regarding cost reduction.
Sec. 208. Study regarding disaster insurance for public infrastructure.
Sec. 209. Study regarding declarations.

TITLE III—MISCELLANEOUS

Sec. 301. Technical correction of short title.
Sec. 302. Definition of State.

TITLE I—PREDISASTER HAZARD MITIGATION

SEC. 101. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) greater emphasis needs to be placed on identifying and assessing the risks to States and local communities and implementing adequate measures to reduce losses from natural disasters and to ensure that critical facilities and public infrastructure will continue to function after a disaster;

(2) expenditures for post-disaster assistance are increasing without commensurate reduction in the likelihood of future losses from natural disasters;

(3) a high priority in the expenditure of Federal funds under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) should be to implement predisaster activities at the local level; and

(4) with a unified effort of economic incentives, awareness and education, technical assistance, and demonstrated Federal support, States and local communities will be able to increase their capabilities to—

(A) form effective community-based partnerships for mitigation purposes;

(B) implement effective natural disaster mitigation measures that reduce the risk of future damage, hardship, and suffering;

(C) ensure continued functioning of critical facilities and public infrastructure;

(D) leverage additional non-Federal resources into meeting disaster resistance goals; and

(E) make commitments to long-term disaster mitigation efforts for new and existing structures.

(b) PURPOSE.—The purpose of this title is to establish a predisaster hazard mitigation program that—

(1) reduces the loss of life and property, human suffering, economic disruption, and disaster assistance costs resulting from natural hazards; and

(2) provides a source of predisaster hazard mitigation funding that will assist States and local governments in implementing effective mitigation measures that are designed to ensure the continued functioning

of critical facilities and public infrastructure after a natural disaster.

SEC. 102. STATE MITIGATION PROGRAM.

Section 201(c) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5131(c)) is amended in the third sentence—

(1) in paragraph (1), by striking ''and'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) set forth, with the ongoing cooperation of local governments and consistent with section 409, a comprehensive and detailed State program for mitigating emergencies and major disasters, including provisions for prioritizing mitigation measures.''.

SEC. 103. DISASTER ASSISTANCE PLANS.

Section 201 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5131) is amended by striking subsection (d) and inserting the following:

''(d) GRANTS FOR DISASTER ASSISTANCE AND HAZARD IDENTIFICATION.—The President may make grants for—

''(1) not to exceed 50 percent of the cost of improving, maintaining, and updating State disaster assistance plans, including, consistent with section 409, evaluation of natural hazards and development of the programs and actions required to mitigate natural hazards; and

''(2) not to exceed 50 percent of the cost of testing and application of emerging hazard identification technologies, such as improved floodplain mapping technologies that—

''(A) can be used by and in cooperation with State and local governments; and

''(B) the President determines will likely result in substantial cost savings as compared to current hazard identification methods.''.

SEC. 104. PREDISASTER HAZARD MITIGATION.

(a) IN GENERAL.—Title II of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5131 et seq.) is amended by adding at the end the following:

''SEC. 203. PREDISASTER HAZARD MITIGATION.

''(a) DEFINITION OF SMALL IMPOVERISHED COMMUNITY.—In this section, the term 'small impoverished community' means a community of 10,000 or fewer individuals who are economically disadvantaged, as determined by the State in which the community is located and based on criteria established by the President.

''(b) GENERAL AUTHORITY.—The President may establish a program to provide financial assistance to States, local governments, and other entities for the purpose of carrying out predisaster hazard mitigation activities that exhibit long-term, cost-effective benefits and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

''(c) PURPOSE OF ASSISTANCE.—A State, local government, or other entity that receives financial assistance under this section shall use the assistance for funding activities that exhibit long-term, cost-effective benefits and substantially reduce the risk of future damage, hardship, or suffering from a major disaster.

''(d) ALLOCATION OF FUNDS.—Financial assistance made available to a State, including financial assistance made available to local governments of the State, under this section for a fiscal year shall—

''(1) be in an amount that is not less than the lesser of $500,000 or 1.0 percent of the total funds appropriated to carry out this section for the fiscal year;

''(2) be in an amount that does not exceed 15 percent of the total funds appropriated to carry out this section for the fiscal year; and

''(3) be provided for projects that meet the criteria specified in subsection (e).

''(e) CRITERIA.—Subject to subsections (d) and (f), in determining whether to provide assistance to a State, local government, or other entity under this section and the amount of the assistance, the President shall consider the following criteria:

''(1) The likelihood of a natural disaster increasing the risk of future damage to a community.

''(2) The clear identification of prioritized cost-effective mitigation activities that produce meaningful and definable outcomes.

''(3) If the State has submitted a mitigation program in cooperation with local governments under section 201(c)(3), the degree to which the activities identified under paragraph (2) are consistent with the State mitigation program.

''(4) The opportunity to fund activities that maximize net benefits to society.

''(5) The ability of the State, local government, or other entity to fund mitigation activities, with additional consideration for mitigation activities in small impoverished communities.

''(6) The level of interest by the private sector to enter into a partnership to promote mitigation.

''(7) Such other criteria as the President establishes in consultation and coordination with State and local governments.

''(f) STATE NOMINATIONS.—

''(1) IN GENERAL.—

''(A) RECOMMENDATIONS BY GOVERNOR.—The Governor of each State may recommend to the President not fewer than 5 local governments or other entities to receive assistance under this section.

''(B) SUBMISSIONS TO PRESIDENT.—The recommendations shall be submitted to the President not later than January 1 of calendar year 1999 and each calendar year thereafter or such later date in the calendar year as the President may establish.

''(C) CRITERIA FOR RECOMMENDATIONS.—In making the recommendations, each Governor shall consider the criteria specified in subsection (e).

''(2) USE.—

''(A) IN GENERAL.—In providing assistance to local governments and other entities under this section, the President shall select from among the local governments and other entities recommended by the Governors under this subsection.

''(B) SELECTION OF ADDITIONAL ENTITIES.—On the request of a local government, the President may select additional entities if the President determines that special circumstances justify the additional selection and the selection will meet the criteria specified in subsection (e).

''(3) EFFECT OF FAILURE TO NOMINATE.—If a Governor of a State fails to submit recommendations under this subsection in a timely manner, the President may select, subject to the criteria specified in subsection (e), any local governments or other entities of the State to receive assistance under this section.

''(g) FEDERAL SHARE.—The Federal share of the cost of mitigation activities approved by the President for financial assistance under this section shall be—

''(1) except as provided in paragraph (2), up to 75 percent; and

''(2) in the case of mitigation activities in small impoverished communities, up to 90 percent.

''(h) LOCAL GOVERNMENTS.—In carrying out this section, the President and States shall—

''(1) consult with local governments for the purpose of developing a list of appropriate activities for predisaster hazard mitigation funding; and

''(2) delegate to the local governments the decision to select specific activities from the list developed under paragraph (1).

''(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $35,000,000 for each of fiscal years 1998 through 2002.

''(j) AUTHORIZATION OF SECTION 404 FUNDS.—In addition to amounts appropriated under subsection (i), the President, in consultation and coordination with State and local governments, may use to carry out this section funds that are appropriated to carry out section 404 for post-disaster mitigation activities that have not been obligated within 30 months after the disaster declaration on which the funding availability is based.

''(k) TERMINATION OF EFFECTIVENESS.—The authority provided by this section terminates effective October 1, 2003.''.

(b) REPORT ON FEDERAL AND STATE ADMINISTRATION.—Not later than 18 months after the date of enactment of this Act, the President, in consultation and coordination with State and local governments, shall submit to Congress a report evaluating efforts to implement this section and recommending a process for the future administration of the program, including—

(1) the appropriateness of transferring to State and local governments greater authority and responsibility for administering the assistance program authorized by section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as added by subsection (a)); and

(2) consideration of private sector initiatives for predisaster mitigation to supplement the activities of the President and the Federal Emergency Management Agency.

SEC. 105. STUDY REGARDING PREDISASTER HAZARD MITIGATION.

(a) STUDY.—The Comptroller General of the United States shall conduct a study to—

(1) examine the effectiveness of the predisaster hazard mitigation program authorized by section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as added by section 104(a)), including a review of the goals and objectives of the program;

(2) determine if the expenditures under the program are warranted in terms of mitigation, disaster avoidance, and dollars saved; and

(3) develop recommendations concerning the appropriate selection of sites and activities conducted with respect to predisaster mitigation.

(b) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall submit to Congress a report on the results of the study.

SEC. 106. INTERAGENCY TASK FORCE.

(a) IN GENERAL.—The President shall establish an interagency task force for the purpose of coordinating the implementation of predisaster hazard mitigation programs administered by the Federal Government.

(b) CHAIRPERSON.—The Director of the Federal Emergency Management Agency shall serve as the chairperson of the task force.

(c) MEMBERSHIP.—The membership of the task force shall include representatives of State and local government organizations.

SEC. 107. MAXIMUM CONTRIBUTION FOR MITIGATION COSTS.

(a) IN GENERAL.—Section 404(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c(a)) is amended in the last sentence by striking ''15 percent'' and inserting ''20 percent''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to each major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) after March 1, 1997.

SEC. 108. CONFORMING AMENDMENT.

Title II of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5131 et seq.) is amended by striking the title heading and inserting the following:

"TITLE II—DISASTER PREPAREDNESS AND MITIGATION ASSISTANCE".

TITLE II—STREAMLINING AND COST REDUCTION

SEC. 201. MANAGEMENT COSTS.

(a) IN GENERAL.—Title III of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5141 et seq.) is amended by adding at the end the following:

"SEC. 322. MANAGEMENT COSTS.

''(a) DEFINITION OF MANAGEMENT COST.—In this section, the term 'management cost' includes any indirect cost, administrative expense, and any other expense not directly chargeable to a specific project under a major disaster, emergency, or emergency preparedness activity or measure.

''(b) MANAGEMENT COST RATES.—Notwithstanding any other provision of law (including any administrative rule or guidance), the President shall establish management cost rates for grantees and subgrantees that shall be used to determine contributions under this Act for management costs.

''(c) REVIEW.—The President shall review the management cost rates established under subsection (a) not later than 3 years after the date of establishment of the rates and periodically thereafter.

''(d) REGULATIONS.—The President shall promulgate a regulation to define appropriate costs to be included in management costs under this section.''.

(b) APPLICABILITY.—Section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as added by subsection (a)) shall apply as follows:

(1) IN GENERAL.—Subsections (a), (b), and (d) of section 322 of that Act shall apply to each major disaster declared under that Act on or after the date of enactment of this Act. Until the date on which the President establishes the management cost rates under that subsection, section 406(f) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172(f)) shall be used for establishing the rates.

(2) REVIEW; OTHER EXPENSES.—Section 322(c) of that Act shall apply to each major disaster declared under that Act on or after the date on which the President establishes the management cost rates under that section.

SEC. 202. ASSISTANCE TO REPAIR, RESTORE, RECONSTRUCT, OR REPLACE DAMAGED FACILITIES.

(a) CONTRIBUTIONS AND FEDERAL SHARE.—Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) is amended by striking subsections (a) through (c) and inserting the following:

''(a) CONTRIBUTIONS.—

''(1) IN GENERAL.—The President may make contributions—

''(A) to a State or local government for the repair, restoration, reconstruction, or replacement of a public facility that is damaged or destroyed by a major disaster and for management costs incurred by the government; and

''(B) to a person that owns or operates a private nonprofit facility damaged or destroyed by a major disaster for the repair, restoration, reconstruction, or replacement of the facility and for management costs incurred by the person.

''(2) CONDITIONS FOR ASSISTANCE TO PRIVATE NONPROFIT FACILITIES.—The President may make contributions to a private nonprofit facility under paragraph (1)(B) only if the owner or operator of the facility—

''(A) has applied for a disaster loan under section 7(b) of the Small Business Act (15 U.S.C. 636(b)); and

''(B)(i) has been determined to be ineligible for such a loan; or

''(ii) has obtained the maximum amount of such a loan for which the Small Business Administration determines that the facility is eligible.

''(b) MINIMUM FEDERAL SHARE.—The Federal share of assistance under this section shall be not less than 75 percent of the eligible cost of repair, restoration, reconstruction, or replacement carried out under this section.

''(c) LARGE IN-LIEU CONTRIBUTIONS.—

''(1) FOR PUBLIC FACILITIES.—

''(A) IN GENERAL.—In any case in which a State or local government determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing any public facility owned or controlled by the State or local government, the State or local government may elect to receive, in lieu of a contribution under subsection (a)(1)(A), a contribution in an amount equal to 75 percent of the Federal share of the cost of repairing, restoring, reconstructing, or replacing the facility and of management costs, as estimated by the President.

''(B) USE OF FUNDS.—Funds made available to a State or local government under this paragraph may be used to repair, restore, or expand other eligible public facilities, to construct new facilities, or to fund hazard mitigation measures, that the State or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster.

''(2) FOR PRIVATE NONPROFIT FACILITIES.—

''(A) IN GENERAL.—In any case in which a person that owns or operates a private nonprofit facility determines that the public welfare would not be best served by repairing, restoring, reconstructing, or replacing the facility, the person may elect to receive, in lieu of a contribution under subsection (a)(1)(B), a contribution in an amount equal to 75 percent of the Federal share of the cost of repairing, restoring, reconstructing, or replacing the facility and of management costs, as estimated by the President.

''(B) USE OF FUNDS.—Funds made available to a person under this paragraph may be used to repair, restore, or expand other eligible private nonprofit facilities owned or operated by the person, to construct new private nonprofit facilities to be owned or operated by the person, or to fund hazard mitigation measures, that the person determines to be necessary to meet a need for its services and functions in the area affected by the major disaster.

''(3) MODIFICATION OF FEDERAL SHARE TO ENCOURAGE USE OF FUNDS FOR MITIGATION ACTIVITIES.—

''(A) IN GENERAL.—Subject to subparagraph (B), the President shall modify the Federal share of the cost estimate provided in paragraphs (1) and (2) with respect to a large in-lieu contribution if the President determines that the large in-lieu contribution will be used for mitigation activities consistent with the State plan under section 201(c).

''(B) LIMITATION.—Under subparagraph (A), the Federal share for the purposes of paragraphs (1) and (2) shall not exceed 90 percent of the amount described in paragraph (1)(A) or (2)(A).''.

(b) ELIGIBLE COST.—

(1) IN GENERAL.—Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) is amended by striking subsection (e) and inserting the following:

''(e) ELIGIBLE COST.—

''(1) DETERMINATION.—

''(A) IN GENERAL.—For the purposes of this section, the President shall estimate the eligible cost of repairing, restoring, reconstructing, or replacing a public facility or private nonprofit facility—

''(i) on the basis of the design of the facility as the facility existed immediately before the major disaster; and

''(ii) in conformity with current applicable codes, specifications, and standards (including floodplain management and hazard mitigation criteria required by the President or under the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.)).

''(B) COST ESTIMATION PROCEDURES.—Subject to paragraph (2), the President shall use the cost estimation procedures developed under paragraph (3) to make the estimate under subparagraph (A).

''(2) MODIFICATION OF ELIGIBLE COST.—If the actual cost of repairing, restoring, reconstructing, or replacing a facility under this section is more than 120 percent or less than 80 percent of the cost estimated under paragraph (1), the President may determine that the eligible cost shall be the actual cost of the repair, restoration, reconstruction, or replacement.

''(3) EXPERT PANEL.—Not later than 18 months after the date of enactment of this paragraph, the President, acting through the Director of the Federal Emergency Management Agency, shall establish an expert panel, which shall include representatives from the construction industry, to develop procedures for estimating the cost of repairing, restoring, reconstructing, or replacing a facility consistent with industry practices.

''(4) SPECIAL RULE.—In any case in which the facility being repaired, restored, reconstructed, or replaced under this section was under construction on the date of the major disaster, the cost of repairing, restoring, reconstructing, or replacing the facility shall include, for the purposes of this section, only those costs that, under the contract for the construction, are the owner's responsibility and not the contractor's responsibility.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of enactment of this Act, except that paragraph (1) of section 406(e) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as amended by paragraph (1)) shall take effect on the date on which the procedures developed under paragraph (3) of that section take effect.

(c) ASSOCIATED EXPENSES.—

(1) IN GENERAL.—Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) is amended by striking subsection (f).

(2) OTHER ELIGIBLE COSTS.—Section 406(e) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172(e)) (as amended by subsection (b)) is amended by adding at the end the following:

''(5) OTHER ELIGIBLE COSTS.—For purposes of this section, the eligible cost of repairing, restoring, reconstructing, or replacing a public facility or private nonprofit facility includes the following:

''(A) COSTS OF NATIONAL GUARD.—The cost of mobilizing and employing the National Guard for performance of eligible work.

''(B) COSTS OF PRISON LABOR.—The costs of using prison labor to perform eligible work, including wages actually paid, transportation to a worksite, and extraordinary costs of guards, food, and lodging.

''(C) OTHER LABOR COSTS.—Base and overtime wages for an applicant's employees and extra hires performing eligible work plus fringe benefits on the wages to the extent that the benefits were being paid before the major disaster.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall—

(A) take effect on the date on which the President establishes management cost rates under section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as added by section 201(a)); and

(B) apply only to a major disaster declared by the President under that Act on or after the date on which the President establishes the management cost rates.

SEC. 203. FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS.

(a) IN GENERAL.—Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5174) is amended to read as follows:

"SEC. 408. FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS.

''(a) GENERAL AUTHORITY.—In accordance with this section, the President, in consultation and coordination with the Governor of an affected State, may provide financial assistance, and, if necessary, direct services, to disaster victims who—

''(1) as a direct result of a major disaster have necessary expenses and serious needs; and

''(2) are unable to meet the necessary expenses and serious needs through other means, including insurance proceeds or loan assistance from the Small Business Administration.

''(b) HOUSING ASSISTANCE.—

''(1) ELIGIBILITY.—The President may provide financial or other assistance under this section to individuals and families to respond to the disaster-related housing needs of individuals and families who are displaced from their predisaster primary residences or whose predisaster primary residences are rendered uninhabitable as a result of damage caused by a major disaster.

''(2) DETERMINATION OF APPROPRIATE TYPES OF ASSISTANCE.—The President shall determine appropriate types of housing assistance to be provided to disaster victims under this section based on considerations of cost effectiveness, convenience to disaster victims, and such other factors as the President considers to be appropriate. One or more types of housing assistance may be made available, based on the suitability and availability of the types of assistance, to meet the needs of disaster victims in a particular disaster situation.

''(c) TYPES OF HOUSING ASSISTANCE.—

''(1) TEMPORARY HOUSING.—

''(A) FINANCIAL ASSISTANCE.—

''(i) IN GENERAL.—The President may provide financial assistance under this section to individuals or households to rent alternate housing accommodations, existing rental units, manufactured housing, recreational vehicles, or other readily fabricated dwellings.

''(ii) AMOUNT.—The amount of assistance under clause (i) shall be based on the sum of—

''(I) the fair market rent for the accommodation being provided; and

''(II) the cost of any transportation, utility hookups, or unit installation not being directly provided by the President.

''(B) DIRECT ASSISTANCE.—

''(i) IN GENERAL.—The President may directly provide under this section housing units, acquired by purchase or lease, to individuals or households who, because of a lack of available housing resources, would be unable to make use of the assistance provided under subparagraph (A).

''(ii) PERIOD OF ASSISTANCE.—

''(I) IN GENERAL.—Subject to subclause (II), the President may not provide direct assistance under clause (i) with respect to a major disaster after the expiration of the 18-month period beginning on the date of the declaration of the major disaster by the President.

''(II) EXTENSION OF PERIOD.—The President may extend the period under subclause (I) if the President determines that due to extraordinary circumstances an extension would be in the public interest.

''(iii) COLLECTION OF RENTAL CHARGES.—After the expiration of the 18-month period referred to in clause (ii), the President may charge fair market rent for the accommodation being provided.

''(2) REPAIRS.—

''(A) IN GENERAL.—The President may provide financial assistance for the repair of owner-occupied primary residences, utilities, and residential infrastructure (such as private access routes) damaged by a major disaster to a habitable or functioning condition.

''(B) EMERGENCY REPAIRS.—To be eligible to receive assistance under subparagraph (A), a recipient shall not be required to demonstrate that the recipient is unable to meet the need for the assistance through other means, except insurance proceeds, if the assistance—

''(i) is used for emergency repairs to make a private primary residence habitable; and

''(ii) does not exceed $5,000, as adjusted annually to reflect changes in the Consumer Price Index as reported by the Bureau of Labor Statistics of the Department of Labor.

''(3) PERMANENT HOUSING CONSTRUCTION.—The President may provide financial assistance or direct assistance under this section to individuals or households to construct permanent housing in insular areas outside the continental United States and other remote locations in cases in which—

''(A) no alternative housing resources are available; and

''(B) the types of temporary housing assistance described in paragraph (1) are unavailable, infeasible, or not cost effective.

''(d) TERMS AND CONDITIONS RELATING TO HOUSING ASSISTANCE.—

''(1) SITES.—

''(A) IN GENERAL.—Any readily fabricated dwelling provided under this section shall, whenever practicable, be located on a site that—

''(i) is provided by the State or local government; and

''(ii) is complete with utilities provided by the State or local government, by the owner of the site, or by the occupant who was displaced by the major disaster.

''(B) SITES PROVIDED BY THE PRESIDENT.—Readily fabricated dwellings may be located on sites provided by the President if the President determines that the sites would be more economical or accessible.

''(2) DISPOSAL OF UNITS.—

''(A) SALE TO OCCUPANTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, a temporary housing unit purchased under this section by the President for the purpose of housing disaster victims may be sold directly to the individual or household who is occupying the unit if the individual or household needs permanent housing.

''(ii) SALES PRICE.—Sales of temporary housing units under clause (i) shall be accomplished at prices that are fair and equitable.

''(iii) DEPOSIT OF PROCEEDS.—Notwithstanding any other provision of law, the proceeds of a sale under clause (i) shall be deposited into the appropriate Disaster Relief Fund account.

''(iv) USE OF GSA SERVICES.—The President may use the services of the General Services Administration to accomplish a sale under clause (i).

''(B) OTHER METHODS OF DISPOSAL.—

''(i) SALE.—If not disposed of under subparagraph (A), a temporary housing unit purchased by the President for the purpose of housing disaster victims may be resold.

''(ii) DISPOSAL TO GOVERNMENTS AND VOLUNTARY ORGANIZATIONS.—A temporary housing unit described in clause (i) may be sold, transferred, donated, or otherwise made available directly to a State or other governmental entity or to a voluntary organization for the sole purpose of providing temporary housing to disaster victims in major disasters and emergencies if, as a condition of the sale, transfer, donation, or other making available, the State, other governmental agency, or voluntary organization agrees—

''(I) to comply with the nondiscrimination provisions of section 308; and

''(II) to obtain and maintain hazard and flood insurance on the housing unit.

''(e) FINANCIAL ASSISTANCE TO ADDRESS OTHER NEEDS.—

''(1) MEDICAL, DENTAL, AND FUNERAL EXPENSES.—The President, in consultation and coordination with the Governor of the affected State, may provide financial assistance under this section to an individual or household adversely affected by a major disaster to meet disaster-related medical, dental, and funeral expenses.

''(2) PERSONAL PROPERTY, TRANSPORTATION, AND OTHER EXPENSES.—The President, in consultation and coordination with the Governor of the affected State, may provide financial assistance under this section to an individual or household described in paragraph (1) to address personal property, transportation, and other necessary expenses or serious needs resulting from the major disaster.

''(f) STATE ROLE.—The President shall provide for the substantial and ongoing involvement of the affected State in administering assistance under this section.

''(g) MAXIMUM AMOUNT OF ASSISTANCE.—The maximum amount of financial assistance that an individual or household may receive under this section with respect to a single major disaster shall be $25,000, as adjusted annually to reflect changes in the Consumer Price Index for all Urban Consumers published by the Department of Labor.

''(h) ISSUANCE OF REGULATIONS.—The President shall issue rules and regulations to carry out the program established by this section, including criteria, standards, and procedures for determining eligibility for assistance.''.

(b) CONFORMING AMENDMENT.—Section 502(a)(6) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5192(a)(6)) is amended by striking ''temporary housing''.

(c) REPEAL OF INDIVIDUAL AND FAMILY GRANT PROGRAMS.—Section 411 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5178) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section take effect 18 months after the date of enactment of this Act.

SEC. 204. REPEALS.

(a) COMMUNITY DISASTER LOANS.—Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5184) is repealed.

(b) SIMPLIFIED PROCEDURE.—Section 422 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5189) is repealed.

SEC. 205. STATE ADMINISTRATION OF HAZARD MITIGATION ASSISTANCE PROGRAM.

Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c) is amended by adding at the end the following:

''(c) PROGRAM ADMINISTRATION BY STATES.—

''(1) IN GENERAL.—A State desiring to administer the hazard mitigation assistance

program established by this section with respect to hazard mitigation assistance in the State may submit to the President an application for the delegation of the authority.

''(2) CRITERIA.—The President, in consultation and coordination with States and local governments, shall establish criteria for the approval of applications submitted under paragraph (1). The criteria shall include, at a minimum—

''(A) the demonstrated ability of the State to manage the grant program under this section;

''(B) submission of the plan required under section 201(c); and

''(C) a demonstrated commitment to mitigation activities.

''(3) APPROVAL.—The President shall approve an application submitted under paragraph (1) that meets the criteria established under paragraph (2).

''(4) WITHDRAWAL OF APPROVAL.—If, after approving an application of a State submitted under paragraph (1), the President determines that the State is not administering the hazard mitigation assistance program established by this section in a manner satisfactory to the President, the President shall withdraw the approval.

''(5) AUDITS.—The President shall provide for periodic audits of the hazard mitigation assistance programs administered by States under this subsection.''.

SEC. 206. STREAMLINING OF DAMAGED FACILITIES PROGRAM.

(a) PILOT PROGRAM.—In consultation and coordination with States and local governments, the President shall conduct a pilot program for the purpose of streamlining the assistance program established by section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172).

(b) STATE PARTICIPATION.—

(1) CRITERIA.—The President, in consultation and coordination with States and local governments, may establish criteria to ensure the appropriate implementation of the pilot program under subsection (a).

(2) NUMBER OF STATES.—The President shall conduct the pilot program under subsection (a) in at least 2 States.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the President shall submit to Congress a report that describes the results of the pilot program conducted under subsection (a), including identifying any administrative or financial benefits.

SEC. 207. STUDY REGARDING COST REDUCTION.

(a) STUDY.—The Comptroller General of the United States shall conduct a study to estimate the reduction in Federal disaster assistance that has resulted and is likely to result from the enactment of this Act

(b) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall submit to Congress a report on the results of the study.

SEC. 208. STUDY REGARDING DISASTER INSURANCE FOR PUBLIC INFRASTRUCTURE.

(a) STUDY.—The Comptroller General of the United States shall conduct a study to determine the current and future expected availability of disaster insurance for public infrastructure eligible for assistance under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170).

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the Comptroller General shall submit to Congress a report on the results of the study.

SEC. 209. STUDY REGARDING DECLARATIONS.

(a) STUDY.—The Comptroller General of the United States shall conduct an analytical study that—

(1) examines major disasters and emergencies that have been declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) since January 1, 1974; and

(2) describes the criteria for making the declarations and how the criteria have changed over time.

(b) REPORT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall submit to Congress a report on the results of the study.

TITLE III—MISCELLANEOUS

SEC. 301. TECHNICAL CORRECTION OF SHORT TITLE.

The first section of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 note) is amended to read as follows:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Robert T. Stafford Disaster Relief and Emergency Assistance Act'.''.

SEC. 302. DEFINITION OF STATE.

Section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122) is amended in each of paragraphs (3) and (4) by striking ''the Northern'' and all that follows through ''Pacific Islands'' and inserting ''and the Commonwealth of the Northern Mariana Islands''.●

● Mr. GRAHAM. Mr. President, today along with my distinguished colleague from Oklahoma, Senator INHOFE, I introduce the Disaster Mitigation Act of 1998, legislation that will refocus the energies of federal, state and local governments on disaster mitigation, and will shift our efforts to preventative—rather than responsive—actions as we ready the nation for future disasters.

Since the outset of this year, I have been working closely with Senator INHOFE to develop this bi-partisan legislation that will more comprehensively and efficiently address the threats we face from disasters of all types. The bill is composed of two titles: Title I seeks to reduce the impact of disasters by authorizing a ''pre-disaster mitigation'' program; Title II seeks to streamline the current disaster assistance programs to save administrative costs in addition to greatly simplifying these programs for the benefit of states, local communities, and individual disaster victims.

In addressing the challenges we face from the threat of disaster, I have found it very helpful to use a ''doctor/patient'' analogy to guide our efforts. First, we diagnosed the problem: over the last ten years, disasters have affected the nation with more frequency—and at a greater cost—than we have experienced in the past. In fact, over the last several years, the supplemental appropriations bills required to respond to disasters have been unusually large compared to the previous decade due to a series of unprecedented disasters including: Hurricanes Andrew and Iniki in 1992; the Midwest floods of 1993; the Northridge earthquake of 1994; and the Upper Midwest floods of 1997.

Second, we offered a prescription to address the problem: comprehensive pre-disaster mitigation. This bill will authorize a five-year pre-disaster mitigation program, funded at $35 million per year, to be administered by Federal Emergency Management Agency, or FEMA. The pre-disaster mitigation program will change the focus of our efforts, at all levels of government, to preventative—rather than responsive—actions in planning for disasters. Such a change in ideology is critical to reducing the short- and long-term costs of natural disasters. It will encourage both the public and the private sector, as well as individual citizens, to take responsibility for the threats they face by adopting the concept of disaster mitigation into their everyday lives. Just like energy conservation, recycling, and the widespread use of seat belts, disaster mitigation should become a concept that all citizens incorporate into their day-to-day lives.

Since 1993, under the leadership of Director James Lee Witt, FEMA has truly changed their way of doing business. In the past five years, FEMA has become more responsive to disaster victims and state and local governments, and has ''reinvented'' itself by choosing to focus its energy on mitigating, preparing for, responding to, and recovering from the effects of natural hazards. FEMA has already taken an important first step in advocating pre-disaster mitigation by establishing ''Project Impact,'' their new mitigation initiative, in local communities throughout the nation. I am proud to say that Deerfield Beach, Florida, was the first community to be chosen as a participant in Project Impact. By authorizing the conduct of Project Impact for five years in the legislation, we are making a definitive endorsement of both the program and Director Witt's leadership, and we expect that the initiative will produce measurable results in reducing the costs of disaster in the future.

Mr. President, this legislation is the result of coordination and cooperation with FEMA, the National Association of Emergency Management, the National League of Cities, representatives of the private and voluntary sectors, and numerous other state and local governmental organizations. I wish to take this opportunity to thank all who provided important input into the development of this bill, and I am confident that our joint efforts have resulted in a truly comprehensive ''diagnosis'' of the problem, as well as a ''prescription'' to address it.

In his testimony before the Environment and Public Works Committee, Florida Director of Emergency Management Joe Myers called this legislation a ''defining moment'' in emergency management. I too believe that this legislation represents a historic change in the nation's efforts to prevent the effects of natural disasters. By taking proactive steps to implement mitigation now, we will reduce the damage, pain, and suffering from disaster that have become all too familiar. Mr. President, I urge my colleagues to support Senator INHOFE and myself by joining with us in our efforts to protect

the citizens of the U.S. from disasters now and in the future.●

ADDITIONAL COSPONSORS

S. 389

At the request of Mr. ABRAHAM, the name of the Senator from Texas (Mrs. HUTCHISON) was added as a cosponsor of S. 389, a bill to improve congressional deliberation on proposed Federal private sector mandates, and for other purposes.

S. 766

At the request of Ms. SNOWE, the name of the Senator from North Carolina (Mr. FAIRCLOTH) was added as a cosponsor of S. 766, a bill to require equitable coverage of prescription contraceptive drugs and devices, and contraceptive services under health plans.

S. 1220

At the request of Mr. DODD, the name of the Senator from New York (Mr. MOYNIHAN) was added as a cosponsor of S. 1220, a bill to provide a process for declassifying on an expedited basis certain documents relating to human rights abuses in Guatemala and Honduras.

S. 1391

At the request of Mr. DODD, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 1391, a bill to authorize the President to permit the sale and export of food, medicines, and medical equipment to Cuba.

S. 1529

At the request of Mr. KENNEDY, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1529, a bill to enhance Federal enforcement of hate crimes, and for other purposes.

S. 1759

At the request of Mr. HATCH, the names of the Senator from Hawaii (Mr. AKAKA) and the Senator from Indiana (Mr. COATS) were added as cosponsors of S. 1759, a bill to grant a Federal charter to the American GI Forum of the United States.

S. 1868

At the request of Mr. LIEBERMAN, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 1868, a bill to express United States foreign policy with respect to, and to strengthen United States advocacy on behalf of, individuals persecuted for their faith worldwide; to authorize United States actions in response to religious persecution worldwide; to establish an Ambassador at Large on International Religious Freedom within the Department of State, a Commission on International Religious Persecution, and a Special Adviser on International Religious Freedom within the National Security Council; and for other purposes.

S. 2017

At the request of Mr. D'AMATO, the names of the Senator from Washington (Mrs. MURRAY) and the Senator from Rhode Island (Mr. REED) were added as cosponsors of S. 2017, a bill to amend title XIX of the Social Security Act to provide medical assistance for breast and cervical cancer-related treatment services to certain women screened and found to have breast or cervical cancer under a Federally funded screening program.

S. 2100

At the request of Mr. SPECTER, the name of the Senator from Arizona (Mr. KYL) was added as a cosponsor of S. 2100, a bill to amend the Higher Education Act of 1965 to increase public awareness concerning crime on college and university campuses.

S. 2128

At the request of Mr. STEVENS, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2128, a bill to clarify the authority of the Director of the Federal Bureau of Investigation regarding the collection of fees to process certain identification records and name checks, and for other purposes.

S. 2179

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 2179, a bill to amend the International Emergency Economic Powers Act to clarify the conditions under which export controls may be imposed on agricultural products.

S. 2196

At the request of Mr. GORTON, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 2196, a bill to amend the Public Health Service Act to provide for establishment at the National Heart, Lung, and Blood Institute of a program regarding lifesaving interventions for individuals who experience cardiac arrest, and for other purposes.

S. 2235

At the request of Mr. CAMPBELL, the name of the Senator from North Carolina (Mr. FAIRCLOTH) was added as a cosponsor of S. 2235, a bill to amend part Q of the Omnibus Crime Control and Safe Streets Act of 1968 to encourage the use of school resource officers.

S. 2238

At the request of Mr. MCCAIN, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 2238, a bill to reform unfair and anticompetitive practices in the professional boxing industry.

S. 2295

At the request of Mr. MCCAIN, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 2295, a bill to amend the Older Americans Act of 1965 to extend the authorizations of appropriations for that Act, and for other purposes.

S. 2319

At the request of Mr. CHAFEE, the name of the Senator from Missouri (Mr. BOND) was added as a cosponsor of S. 2319, a bill to authorize the use of receipts from the sale of migratory bird hunting and conservation stamps to promote additional stamp purchases.

S. 2323

At the request of Mr. GRASSLEY, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 2323, a bill to amend title XVIII of the Social Security Act to preserve access to home health services under the medicare program.

SENATE CONCURRENT RESOLUTION 110—HONORING THE MEMORY OF DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT OF THE UNITED STATES CAPITOL POLICE FOR THEIR SELFLESS ACT OF HEROISM AT THE UNITED STATES CAPITOL ON JULY 24, 1998

Mr. LOTT (for himself, Mr. DASCHLE, Mr. ABRAHAM, Mr. AKAKA, Mr. ALLARD, Mr. ASHCROFT, Mr. BAUCUS, Mr. BENNETT, Mr. BIDEN, Mr. BINGAMAN, Mr. BOND, Mrs. BOXER, Mr. BREAUX, Mr. BROWNBACK, Mr. BRYAN, Mr. BUMPERS, Mr. BURNS, Mr. BYRD, Mr. CAMPBELL, Mr. CHAFEE, Mr. CLELAND, Mr. COATS, Mr. COCHRAN, Ms. COLLINS, Mr. CONRAD, Mr. COVERDALL, Mr. CRAIG, Mr. D'AMATO, Mr. DEWINE, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. DURBIN, Mr. ENZI, Mr. FAIRCLOTH, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FORD, Mr. FRIST, Mr. GLENN, Mr. GORTON, Mr. GRAHAM, Mr. GRAMM, Mr. GRAMS, Mr. GRASSLEY, Mr. GREGG, Mr. HAGEL, Mr. HARKIN, Mr. HATCH, Mr. HELMS, Mr. HOLLINGS, Mr. HUTCHINSON, Mrs. HUTCHISON, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. KERREY, Mr. KERRY, Mr. KOHL, Mr. KYL, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LIEBERMAN, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. REED, Mr. REID, Mr. ROBB, Mr. ROBERTS, Mr. ROCKEFELLER, Mr. ROTH, Mr. SANTORUM, Mr. SARBANES, Mr. SESSIONS, Mr. SHELBY, Mr. SMITH of New Hampshire, Mr. SMITH OF OREGON, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, Mr. THURMOND, Mr. TORRICELLI, Mr. WARNER, Mr. WELLSTONE, and Mr. WYDEN) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 110

Whereas the Capitol is the people's house, and, as such, it has always been and will remain open to the public;

Whereas millions of people visit the Capitol each year to observe and study the workings of the democratic process;

Whereas the Capitol is the most recognizable symbol of liberty and democracy throughout the world and those who guard the Capitol guard our freedom;

Whereas Private First Class Jacob "J.J." Chestnut and Detective John Michael Gibson sacrificed their lives to protect the lives of hundreds of tourists, staff, and Members of Congress;

Whereas if not for the quick and courageous action of those officers, many innocent people would likely have been injured or killed;

Whereas through their selfless acts, Detective Gibson and Private First Class Chestnut underscored the courage, honor, and dedication shown daily by every member of the United States Capitol Police and every law enforcement officer;

Whereas Private First Class Chestnut, a Vietnam veteran who spent 20 years in the Air Force, was an 18-year veteran of the Capitol Police, and was married to Wen Ling and had five children, Joseph, Janece, Janet, Karen and William;

Whereas Detective Gibson, assigned as Rep. Tom DeLay's bodyguard for the last three years, was an 18-year veteran of the Capitol Police, and was married to Evelyn and had three children, Kristen, John and Daniel;

Whereas Private First Class Chestnut and Detective Gibson were the first United States Capitol Police officers ever killed in the line of duty;

Whereas Private First Class Chestnut and Detective Gibson, and all those who helped apprehend the gunman, assist the injured, and evacuate the building, are true heroes of democracy, and every American owes them a deep debt of gratitude: Now, therefore, be it

Resolved by the Senate, (the House of Representatives concurring), That—

(1) Congress hereby honors the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police for the selfless acts of heroism they displayed on July 24, 1998, in sacrificing their lives in the line of duty so that others might live; and

(2) when the Senate and the House of Representatives adjourn on this date they shall do so out of respect to the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut.

SENATE CONCURRENT RESOLUTION 111—AUTHORIZING THE USE OF THE ROTUNDA OF THE CAPITOL FOR A MEMORIAL SERVICE FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT OF THE UNITED STATES CAPITOL POLICE

Mr. LOTT (for himself, Mr. DASCHLE, Mr. ABRAHAM, Mr. AKAKA, Mr. ALLARD, Mr. ASHCROFT, Mr. BAUCUS, Mr. BENNETT, Mr. BIDEN, Mr. BINGAMAN, Mr. BOND, Mrs. BOXER, Mr. BREAUX, Mr. BROWNBACK, Mr. BRYAN, Mr. BUMPERS, Mr. BURNS, Mr. BYRD, Mr. CAMPBELL, Mr. CHAFEE, Mr. CLELAND, Mr. COATS, Mr. COCHRAN, Ms. COLLINS, Mr. CONRAD, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. DEWINE, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. DURBIN, Mr. ENZI, Mr. FAIRCLOTH, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FORD, Mr. FRIST, Mr. GLENN, Mr. GORTON, Mr. GRAHAM, Mr. GRAMM, Mr. GRAMS, Mr. GRASSLEY, Mr. GREGG, Mr. HAGEL, Mr. HARKIN, Mr. HATCH, Mr. HELMS, Mr. HOLLINGS, Mr. HUTCHINSON, Mrs. HUTCHISON, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. KERREY, Mr. KERRY, Mr. KOHL, Mr. KYL, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LIEBERMAN, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. REED, Mr. REID, Mr. ROBB, Mr. ROBERTS, Mr. ROCKEFELLER, Mr. ROTH, Mr. SANTORUM, Mr. SARBANES, Mr. SESSIONS, Mr. SHELBY, Mr. SMITH of New Hampshire, Mr. SMITH of Oregon, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, Mr. THURMOND, Mr. TORRICELLI, Mr. WARNER, Mr. WELLSTONE and Mr. WYDEN) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 111

Resolved by the Senate, (the House of Representatives concurring),

SECTION 1. AUTHORIZING USE OF ROTUNDA OF THE CAPITOL FOR MEMORIAL SERVICE FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT.

The rotunda of the Capitol is authorized to be used for a memorial service and proceedings related thereto for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police on Tuesday, July 28, 1998, under the direction of the United States Capitol Police Board.

SEC. 2. PLACEMENT OF PLAQUE IN CAPITOL IN MEMORY OF DETECTIVE GIBSON AND PRIVATE FIRST CLASS CHESTNUT.

The Architect of the Capitol shall place a plaque in honor of the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police at an appropriate site in the United States Capitol, with the approval of the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

SEC. 3. PAYMENT OF FUNERAL EXPENSES FOR JOHN GIBSON AND JACOB JOSEPH CHESTNUT.

(a) IN GENERAL.—The Sergeant at Arms of the House of Representatives is authorized and directed to make such arrangements as may be necessary for funeral services for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, including payments for travel expenses of immediate family members, and for the attendance of Members of the House of Representatives at such services, including payments for expenses incurred by Members in attending such services.

(b) SOURCE AND MANNER OF MAKING PAYMENTS.—Any payment made under subsection (a) shall be made from the applicable accounts of the House of Representatives, using vouchers approved in a manner directed by the Committee on House Oversight.

SEC. 4. PAYMENT OF SURVIVOR'S GRATUITY TO WIDOWS OF JOHN GIBSON AND JACOB JOSEPH CHESTNUT.

(a) IN GENERAL.—In accordance with the first sentence of the last undesignated paragraph under the center heading ''HOUSE OF REPRESENTATIVES'' in the first section of the Legislative Branch Appropriation Act, 1955 (2 U.S.C. 125), the Chief Administrative Officer of the House of Representatives is authorized and directed to pay, from the applicable accounts of the House of Representatives—

(1) a gratuity to the widow of Detective John Michael Gibson of the United States Capitol Police in the amount of $51,866.00; and

(2) a gratuity to the widow of Private First Class Jacob Joseph Chestnut of the United States Capitol Police in the amount of $47,280.00.

(b) TREATMENT AS GIFT.—Each gratuity paid under subsection (a) shall be held to have been a gift.

SEC. 5. SENSE OF CONGRESS REGARDING ESTABLISHMENT OF CAPITOL POLICE MEMORIAL FUND.

It is the sense of Congress that there should be established under law a United States Capitol Police Memorial Fund for the surviving spouse and children of members of the United States Capitol Police who are slain in the line of duty.

SENATE CONCURRENT RESOLUTION 112—TO AUTHORIZE THE PRINTING OF EULOGIES OF THE SENATE AND HOUSE REPRESENTATIVES FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT

By Mr. WARNER (for himself, Mr. MOYNIHAN, and Mr. FORD) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. **112**

Resolved by the Senate (the House of Representatives concurring), That the eulogies for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, as expressed in the House of Representatives and the Senate together with the text of the memorial services, shall be printed as a tribute to Detective Gibson and Officer Chestnut, with illustrations and suitable binding. The document shall be prepared under the direction of the Joint Committee on Printing. There shall be printed 300 casebound copies; 50 to be delivered to each of the families of Detective Gibson and Officer Chestnut, and 200 for the use of the United States Capitol Police.

AMENDMENTS SUBMITTED

CREDIT UNION MEMBERSHIP ACCESS ACT

HAGEL (AND OTHERS) AMENDMENT NO. 3337

Mr. HAGEL (for himself, Mr. BENNETT, Mr. NICKLES, Mr. ROBERTS, Mr. HELMS, Mr. SHELBY, Mr. ENZI, and Mr. GRAMS) proposed an amendment to the bill (H.R. 1151) to amend the Federal Credit Union Act to clarify existing law and ratify the longstanding policy of the National Credit Union Administration Board with regard to field of membership of Federal credit unions; as follows:

On page 54, strike lines 12 through 21 and insert the following:

''(a) TOTAL AMOUNT PERMISSIBLE.—

''(1) IN GENERAL.—On and after the date of enactment of this section, no insured credit union may make any member business loan that would result in a total amount of such loans outstanding at that credit union at any one time equal to more than the minimum net worth required under section 216(c)(1)(A) for a credit union to be well capitalized.

On page 55, strike line 10, and insert the following:

''(c) EXPERIENCE REQUIREMENT FOR MEMBER BUSINESS LENDING.—Beginning 3 years after the date of enactment of this section, each employee or related person of an insured credit union shall have not less than 2 years of direct professional experience in the member business lending field before making or administering any member business loan on behalf of the insured credit union.

''(d) DEFINITIONS.—As used in this section—

On page 56, strike lines 1 through 5.

On page 56, line 6, strike ''(iv)'' and insert ''(iii)''.

On page 56, line 12, strike ''(v)'' and insert ''(iv)''.

SHELBY (AND OTHERS) AMENDMENT NO. 3338

Mr. SHELBY (for himself, Mr. GRAMM, Mr. MACK, Mr. FAIRCLOTH, Mr. GRAMS, Mr. ALLARD, Mr. ENZI, Mr. HAGEL, Mr. HELMS, Mr. NICKLES, Mr. MURKOWSKI, Mr. BROWNBACK, Mr. SESSIONS, Mr. INHOFE, Mr. COATS, and Mr. THOMAS) proposed an amendment to the bill, H.R. 1151, supra; as follows:

At the end of title II, add the following new section:

SEC. 207. COMMUNITY REINVESTMENT ACT EXEMPTION.

The Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.) is amended by adding at the end the following new section:

''SEC. 808. EXAMINATION EXEMPTION.

''(a) IN GENERAL.—A regulated financial institution shall not be subject to the examination requirements of this title or any regulations issued hereunder if the institution has aggregate assets of not more than $250,000,000.

''(b) ADJUSTMENTS.—The dollar amount referred to in subsection (a) shall be adjusted annually after December 31, 1998, by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics.''.

NOTICES OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on Wednesday, July 29, 1998, at 9 a.m. in SR–328A. The purpose of this meeting will be to examine USDA consolidation and downsizing efforts.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. WARNER. Mr. President, I wish to announce that the Committee on Rules and Administration will meet on Wednesday, July 29, 1998, at 9:30 a.m. in room SR–301 Russell Senate Office Building, to receive testimony on S. 2288, the Wendell H. Ford Government Publications Act of 1998.

For further information concerning this hearing, please contact either Ed Edens at the Rules Committee on 4–6678, or Eric Peterson at the Joint Committee on Printing on 4–7774.

COMMITTEE ON INDIAN AFFAIRS

Mr. CAMPBELL. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will meet during the session of the Senate on Wednesday, July 29, 1998, at 2 p.m. to conduct a business meeting to consider the following pending business of the Committee: S. 1905, A Bill to Compensate the Cheyenne River Sioux Tribe, and for Other Purposes; H.R. 3069, A Bill to extend the Advisory Council on California Indian Policy to allow the Advisory Council to advise Congress on the implementation of the proposals and recommendations of the Advisory Council; S. 1770, To Elevate the Position of the Director of the Indian Health Service to Assistant Secretary for Health and Human Services; S. 391, To Provide for the Distribution of Certain Judgment Funds to the Mississippi Sioux Tribe of Indians, and for Other Purposes; and S. 1419, A Bill to deem the activities of the Miccosukee Tribe on the Tamiani Indian Reserve to be consistent with the purposes of the Everglades National Park, and for other purposes.

The business meeting will be held in room 485 of the Russell Senate Office Building. Those wishing additional information should contact the Committee on Indian Affairs at 202/224–2251.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON OVERSIGHT GOVERNMENT MANAGEMENT, RESTRUCTURING AND DISTRICT OF COLUMBIA

Mr. D'AMATO. Mr. President, I ask unanimous consent on behalf of the Government Affairs Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia to meet on Monday, July 27, 1998, at 3:00 p.m. for a hearing entitled ''Keeping the Nation's Capital Safe.''

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

SPECIAL COMMITTEE ON AGING

Mr. D'AMATO. Mr. President, I ask unanimous consent that the Special Committee on Aging be permitted to meet on July 27, 1998 at 1:00 p.m. to 5:00 p.m. in Hart 216 for the purpose of conducting a hearing.

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

ADDITIONAL STATEMENTS

TRIBUTE TO LIEUTENANT GENERAL FREDERICK E. VOLLRATH

● Mr. KEMPTHORNE. Mr. President, I rise today to honor Lieutenant General Frederick E. Vollrath upon his retirement from the United States Army. General Vollrath has served our great nation with honor and distinction for 35 years and his performance throughout his career has been characterized by the highest standards of professional ethics and commitment to soldiers.

General Vollrath's outstanding career began when he was commissioned a second lieutenant upon completion of the Reserve Officers' Training Corps and graduation from the University of Miami in 1963. During his military career, he completed the Adjutant General Officer Basic and Advanced Courses, the United States Army Command and General Staff College, the United States Army War College, the National Security Management.

His initial assignments include Adjutant General and Deputy Chief of Staff, 4th Infantry Division (Mechanized), Fort Carson, Colorado; Director of Personnel Service Support, Director of Enlisted Personnel Management, and Chief, Enlisted Assignment Division, 1st Personnel Command, U.S. Army Europe. He has also held a variety of important command and staff positions to include Deputy Chief of Staff, Personnel, U.S. Army Europe and Seventh Army; Director of Military Personnel Management, Office of the Deputy Chief of Staff for Personnel, Department of the Army; Director of Enlisted Personnel U.S. Total Army Personnel Command, Alexandria, Virginia; Commander, Personnel Information Systems Command; Chief of Staff and later Deputy Commander, 1st Personnel Command, U.S. Army Europe; Assistant Deputy Chief of Staff for Personnel, Headquarters, Department of the Army and culminating his career with his most recent duty as Deputy Chief of Staff for Personnel, Headquarters, Department of the Army.

General Vollrath's military awards and decorations include the Distinguished Service Medal, the Legion of Merit, the Bronze Star Medal, the Meritorious Service Medal and the Army Commendation Medal.

General Vollrath has truly made a difference to our Army and our Nation. He has always fought for what was right for the Army, it's soldiers, civilians and family members. He has established a solid reputation among his peers and superiors as the single driving force in ensuring the personnel community has stayed on the leading edge of sustaining the personnel readiness for the Total Army.

I would ask my colleagues to join me in wishing General Vollrath and his wife, Joy, all the best and thank them for 35 years of dedicated and unselfish service to our Nation. We wish them both a very fulfilling retirement.●

PATIENT PRIVACY RIGHTS ACT OF 1998

● Mr. LEAHY. Mr. President, on Friday, July 24, I introduced legislation along with Senators ASHCROFT, BURNS, and ABRAHAM to repeal the legal mandate for personal identification codes for each patient that would be part of a national medical records system.

Our legislation, S. 2352, the Patient Privacy Rights Act, would repeal the unique medical identifiers requirement of the Health Insurance Portability Law of 1996 (HIPAA). This law directs the U.S. Department of Health and Human Services to develop a system to use personal identifying codes as part of a system for electronically transmitting health information to aid implementation of the health insurance portability law. The unique health identifiers would be codes, numbers or other methods of uniquely identifying each patient that his or her doctors would be required to use throughout that person's lifetime. Hearings on the emerging system were launched in Chicago this week by the National Committee on Vital and Health Statistics.

I believe it is irresponsible to expose patients to this massive new erosion of

their privacy. The impetus to computerize medical records for the sake of efficiency cannot be allowed to overrun our basic privacy. People deserve the assurance that their medical histories will not be the subject of public curiosity, commercial advantage or harmful disclosure. This computerization of medical information has raised the stakes in privacy protection. Congress created this threat. Now Congress needs to just say no to the idea of a cradle-to-grave medical dossier.

Health care computerization not only is inevitable, it can be a useful tool to improve health care. But trusting our medical records to this rapidly developing technology will only be supported by the American people if they are assured that their medical privacy is protected. Privacy is not the only victim here. Without privacy protections, many will be discouraged from seeking help or taking advantage of the access we are working so hard to protect in this very same law.

I ask that the text of the bill be printed in the RECORD.

The text of the bill follows:

S. 2352

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 ''Patient Privacy Rights Act of 1998''.

SEC. 2. FINDINGS.

Congress finds that—

(1) individuals have a right to confidentiality with respect to their personal health information and records;

(2) with respect to information about medical care and health status, the traditional right of confidentiality is at risk;

(3) an erosion of the right of confidentiality will reduce the willingness of patients to confide in physicians and other practitioners, thus jeopardizing quality health care;

(4) fear that confidentiality is being compromised will deter individuals from seeking medical treatment and stifle technological or medical research and development; and

(5) advancing technology should not lead to a loss of personal privacy.

SEC. 3. PURPOSE.

It is the purpose of this Act—

(1) to repeal the implementation of a ''standard unique health identifier for each individual'' as required under section 1173(b) of the Social Security Act (42 U.S.C. 1320d-2(b)) as added by the amendment made by section 262(a) of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191); and

(2) to guarantee that medical privacy protections are not undermined by federal law.

SEC. 4. REPEAL OF FEDERAL UNIQUE HEALTH IDENTIFIER.

Sections 1173(b) and 1177(a)(1) of the Social Security Act (42 U.S.C. 1320d–2(b); 42 U.S.C. 1320d–6(a)(1)) are repealed.●

DR. BOB LEFTWICH

● Mr. COVERDELL. Mr. President, I rise today to commend the exemplary efforts of Dr. Bob Leftwich, a school counselor in Ellijay, Georgia. Over the past years, Dr. Leftwich has worked with students in his area by talking to them about life and their futures. In his discussions, he has urged students to be the very best they can be and to make firm commitments to excellence.

Dr. Leftwich is a prime example of a hero in my book. He is a committed advocate for young people and the freedoms they can achieve through hard work and perseverance.

It is people like Bob, with the motivation he brings to our students, who will be remembered when these students are the leaders of our great nation. They will no doubt look back and remember the impact that this individual had on their lives. And hopefully they will follow his lead by getting involved with young people themselves.

Once again, Mr. President, I would like to thank Dr. Leftwich for his dedication to excellence. His work should serve as an encouragement to others to become more involved with the education of our nation's youth.●

HEAD START

● Mrs. MURRAY. Mr. President, the Head Start program has successfully served hundreds of thousands of children over the past 33 years. These are children who otherwise would have been left behind. Instead, they received an enriching opportunity to get prepared for elementary school.

It is critical that we allow local Head Start providers to continue to focus on their mission of serving families and children first. They serve our most vulnerable populations. We need to make sure that we do not saddle Head Start with the additional responsibilities that some members have proposed. Responsibilities such as determining paternity, or enforcing welfare laws by verifying TANF requirements, are duties which are within the realm and expertise of social workers and other professionals. Requiring Head Start to handle these burdensome responsibilities would take their time, energy and focus away from serving families and children first.

We are finding that the quality of instruction and programs at Head Start continues to improve. We must continue to improve quality. One major concern is the authority given to private companies in this bill. While for-profits are partners with many Head Start grantees, their profit-making goals are not wholly consistent with the mission of serving the public good.

Mr. President, in June, 1995, several respected researchers from Yale University and other universities issued a report comparing the quality and cost outcomes between for-profit and non-profit centers. The research shows that non-profit centers on average have more teachers with Associates of Arts in Early Childhood Education degrees than for-profit centers.

Futhermore, for-profit centers on average had lower quality scores but higher costs per child than non-profit centers. Also, for-profit centers make very little use of volunteers from the community. I fear that for-profits are not about quality and community.

Mr. President, presently under 50 percent of the eligible population is served by the Head Start program. It is important that Head Start continues to expand and serve a greater number of children. However, during these times of welfare reform, it is also necessary that Head Start provide full-day, full-year programs for working families. In order to achieve both goals, it is important that expansion occurs cautiously.

Overall, the bill allows flexibility and focuses on school readiness and should be supported. Head Start is one of the most important investments we can make in our children.●

TRIBUTE TO MR. EARL V. JONES, SR.

● Mr. SANTORUM. Mr. President, I rise today to recognize Earl V. Jones, Sr., from Pittsburgh, PA, on his efforts to promote world peace.

Mr. Jones started his grassroots movement, Peace on Earth, to teach children about peace and understanding. The project has since expanded to include a sister city in Russia, the Siberian industrial town of Novokuznetak. Children in each of these cities write essays answering the question ''What Can Each of Us Do for Peace on Earth?''

Essay winners receive medals fashioned from metal produced in Pittsburgh and from Novokuznetak. Among the honorary medal recipients are President Clinton and Russian President Boris Yeltsin. Mr. Jones believes children will have an added incentive to compete in the contest when they know that two Presidents have the same medals that they can win. Furthermore, Mr. Jones included a third set of medals in his gift to the presidents which he hopes will be carried into outer space. He explains, ''If you're going to have peace on Earth, you better start up above and come down.''

Mr. President, I commend Earl Jones for his tireless work on the Peace on Earth campaign. I ask my colleagues to join me in extending the Senate's best wishes for continued success to Mr. Jones and his worthwhile project.●

150TH ANNIVERSARY OF THE FIRST WOMEN'S RIGHTS CONVENTION

● Mr. MOYNIHAN. Mr. President, last week marked the 150th anniversary of one of the most important events in our history.

In July, 1848 a revolution was taking place in a small brick chapel in a village in upstate New York. The first Women's Rights Convention was held at the Wesleyan Chapel in Seneca Falls on July 19 and 20 of that year. There, a small group ratified the ''Declaration of Sentiments,'' a document which may be considered the Magna Carta of the women's movement. The Declaration proclaimed that:

All men and women are created equal: That they are endowed by their Creator with

certain inalienable rights; that among these are life, liberty and the pursuit of happiness.

That was the first American political idea—that women are equal in civic rights with men. It did not come from Europe, or ancient Athens, or Rome. It came right from central New York.

In 1980, we established a Women's Rights Historic Park at Seneca Falls and Waterloo, commemorating this monumental convention. Former Senator Javits and I proposed a bill to create an historic park within Seneca Falls to commemorate the early beginnings of the women's movement and to recognize the important role Seneca Falls has played in the movement. The park consists of five sites: the 1840's Greek Revival home of Elizabeth Cady Stanton, organizer and leader of the women's rights movement; the Wesleyan Chapel, where the First Women's Rights Convention was held; Declaration Park with a 100 foot waterwall engraved with the Declaration of Sentiments and the names of the signers of Declaration; and the M'Clintock house, home of MaryAnn and Thomas M'Clintock, where the Declaration was drafted.

Mrs. Clinton visited a number of these sites as part of her ''Save America's Treasures'' tour. There she spoke to the meaning of the Women's Rights Convention and called for the work of these pioneers to continue into the next century.

I ask that the text of Mrs. Clinton's speech be printed in the RECORD.

The speech follows:

REMARKS OF FIRST LADY HILLARY RODHAM CLINTON

Thank you for gathering here in such numbers for this important celebration. I want to thank Governor Pataki and Congresswoman Slaughter and all the elected officials who are here with us today. I want to thank Mary Anne and here committee for helping to organize such a great celebration. I want to thank Bob Stanton and the entire Park Service staff for doing such an excellent job with the historic site. I want to thank our choirs. I thought the choirs really added; I want to thank our singers whom we've already heard from and will hear from because this is a celebration and we need to think about it in such terms.

But for a moment, I would like you to take your minds backs a hundred and fifty years. Imagine if you will that you are Charlotte Woodward, a nineteen-year-old glove maker working and living in Waterloo. Everyday you sit for hours sewing gloves together, working for small wages you cannot even keep, with no hope of going on in school or owning property, knowing that if you marry, your children and even the clothes on your body will belong to your husband.

But then one day in July, 1848, you hear about a women's right convention to be held in nearby Seneca Falls. It's a convention to discuss the social, civil, and religious conditions and rights of women. You run from house to house and you find other women who have heard the same news. Some are excited, others are amused or even shocked, and a few agree to come with you, for at least the first day.

When that day comes, July 19, 1848, you leave early in the morning in your horse-drawn wagon. You fear that no one else will come; and at first, the road is empty, except for you and your neighbors. But suddenly, as you reach a crossroads, you see a few more wagons and carriages, then more and more all going towards Wesleyan Chapel. Eventually you join the others to form one long procession on the road to equality.

Who were the others traveling that road to equality, traveling to that convention? Frederick Douglass, the former slave and great abolitionist, was on his way there and he described the participants as ''few in numbers, moderate in resources, and very little known in the world. The most we had to connect us was a firm commitment that we were in the right and a firm faith that the right must ultimately prevail.'' In the wagons and carriages, on foot or horseback, were women like Rhoda Palmer. Seventy years later in 1918, at the age of one-hundred and two, she would cast her first ballot in a New York state election.

Also traveling down that road to equality was Susan Quinn, who at fifteen will become the youngest signer of the Declaration of Sentiments. Catharine F. Stebbins, a veteran of activism starting when she was only twelve going door to door collecting anti-salvery petitions. She also, by the way, kept an anti-tobacco pledge on the parlor table and asked all her young male friends to sign up. She was a woman truly ahead of her time, as all the participants were.

I often wonder, when reflecting back on the Seneca Falls Convention, who of us—men and women—would have left our homes, our families, our work to make that journey one hundred and fifty years ago. Think about the incredible courage it must have taken to join that procession. Ordinary men and women, mothers and fathers, sisters and brothers, husbands and wives, friends and neighbors. And just like those who have embarked on other journeys throughout American history, seeking freedom or escapings religious or political persecution, speaking out against slavery, working for labor rights. These men and women were motivated by dreams of better lives and more just societies.

At the end of the two-day convention, one hundred people, sixty-eight women and thirty-two men, signed the Declaration of Sentiments that you can now read on the wall at Wesleyan Chapel. Among the signers were some of the names we remember today: Elizabeth Cady Stanton and Lucretia Mott, Martha Wright and Frederick Douglass and young Charlotte Woodward. The ''Seneca Falls 100,'' as I like to call them, shared the radical idea that America fell far short of her ideals stated in our founding documents, denying citizenship to women and slaves.

Elizabeth Cady Stanton, who is frequently credited with originating the idea for the Convention, knew that women were not only denied legal citizenship, but that society's cultural values and social structures conspired to assign women only one occupation and role, that of wife and mother. Of course, the reality was always far different. Women have always worked, and worked both in the home and outside the home for as long as history can record. And even though Stanton herself had a comfortable life and valued deeply her husband and seven children, she knew that she and all other women were not truly free if they could not keep wages they earned, divorce an abusive husband, own property, or vote for the political leaders who governed them. Stanton was inspired, along with the others who met, to rewrite our Declaration of Independence, and they boldly asserted, ''We hold these truths to be self-evident that all men and women are created equal.''

''All men and all women.'' It was the shout heard around the world, and if we listen, we can still hear its echoes today. We can hear it in the voices of women demanding their full civil and political rights anywhere in the world. I've heard such voices and their echoes from women, around the world, from Belfast to Bosnia to Beijing, as they work to change the conditions for women and girls and improve their lives and the lives of their families. We can even hear those echoes today in Seneca Falls. We come together this time not by carriage, but by car or plane, by train or foot, and yes, in my case, by bus. We come together not to hold a convention, but to celebrate those who met here one hundres and fifty years ago, to commemorate how far we have traveled since then, and to challenge ourselves to persevere on the journey that was begun all those many years ago.

We are, as one can see looking around this great crowd, men and women, old and young, different races, different backgrounds. We come to honor the past and imagine the future. That is the theme the President and I have chosen for the White House Millennium Council's efforts to remind and inspire Americans as we approach the year 2000. This is my last stop on the Millennium Council's tour to Save America's Treasures—those buildings, monuments, papers and sites—that define who we are as a nation. They include not only famous symbols like the Star Spangled Banner and not only great political leaders like George Washington's revolutionary headquarters, or creative inventors like Thomas Edison's invention factory, but they include also the women of America who wrote our nation's past and must write its future.

Women like the ones we honor here and, in fact, at the end of my tour yesterday, I learned that I was following literally in the footsteps of one of them, Lucretia Mott, who, on her way to Seneca Falls, stopped in Auburn to visit former slaves and went on to the Seneca Nations to meet with clan mothers, as I did.

Last evening, I visited the home of Mary Ann and Thomas M'Clintock in Waterloo, where the Declaration of Sentiments was drafted, and which the Park Service is planning to restore for visitors if the money needed can be raised. I certainly hope I can return here sometime in the next few years to visit that restoration.

Because we must tell and retell, learn and relearn, these women's stories, and we must make it our personal mission, in our everyday lives, to pass these stories on to our daughters and sons. Because we cannot—we must not—ever forget that the rights and opportunities that we enjoy as women today were not just bestowed upon us by some benevolent ruler. They were fought for, agonized over, marched for, jailed for and even died for by brave and persistent women and men who came before us.

Every time we buy or sell or inherit property in our own name—let us thank the pioneers who agitated to change the laws that made that possible.

Every time, every time we vote, let us thank the women and men of Seneca Falls, Susan B. Anthony and all the others, who tirelessly crossed our nation and withstood ridicule and the rest to bring about the 19th Amendment to the Constitution.

Every time we enter an occupation—a profession of our own choosing and receive a paycheck that reflect earnings equal to a male colleague, let us thank the signers and women like Kate Mullaney, who's house I visited yesterday, in Troy, New York.

Every time we elect a woman to office—let us thank ground breaking leaders like Jeannette Rankin and Margaret Chase Smith, Hattie Caraway, Louise Slaughter, Bella Abzug, Shirley Chisholm—all of whom proved that a woman's place is truly in the House, and in the Senate, and one day, in the White House, as well.

And every time we take another step forward for justice in this nation—let us thank extraordinary women like Harriet Tubman, whose home in Auburn I visited yesterday, and who escaped herself from slavery, and, then risked her life, time and again, to bring at least two hundred other slaves to freedom as well.

Harriet Tubman's rule for all of her underground railroad missions was to keep going. Once you started—no matter how scared you got, how dangerous it became—you were not allowed to turn back. That's a pretty good rule for life. It not only describes the women who gathered in Wesleyan Chapel in 1848, but it could serve as our own motto for today. We, too, cannot turn back. We, too, must keep going in our commitment to the dignity of every individual—to women's rights as human rights. We are on that road of the pioneers to Seneca Falls, they started down it 150 years ago. But now, we too, must keep going.

We may not face the criticism and derision they did. They understood that the Declaration of Sentiments would create no small amount of misconception, or misrepresentation and ridicule; they were called mannish women, old maids, fanatics, attacked personally by those who disagreed with them. One paper said, ''These rights for women would bring a monstrous injury to all mankind.'' If it sounds familiar, it's the same thing that's always said when women keep going for true equality and justice.

Those who came here also understood that the convention and the Declaration were only first steps down the road. What matters most is what happens when everyone packs up and goes back to their families and communities. What matters is whether sentiment and resolutions, once made, are fulfilled or forgotten. The Seneca Falls one hundred pledged themselves to petition, and lit the pulpit and used every instrumentality within their power to affect their subjects. And they did. But they also knew they were not acting primarily for themselves. They knew they probably would not even see the changes they advocated in their own lifetime. In fact, only Charlotte Woodward lived long enough to see American women finally win the right to vote.

Those who signed that Declaration were doing it for the girls and women—for us—those of us in the twentieth century.

Elizabeth Cady Stanton wrote a letter to her daughters later in life enclosing a special gift and explaining why. ''Dear Maggie and Hattie, this is my first speech,'' she wrote, ''it contains all I knew at that time; I give this manuscript to my precious daughters in the hopes that they will finish the work that I have begun.'' And they have. Her daughter, Harriot Blatch, was the chief strategist of the suffrage movement in New York. Harriot's daughter, Nora Barney, was one of the first women to be a civil engineer. Nora's daughter, Rhoda Jenkins, became an architect. Rhoda's daughter, Colleen Jenkins-Sahlin is an elected official in Greenwich, Connecticut. And her daughter, Elizabeth is a thirteen-year-old, who wrote about the six generations of Stantons in a book called, 33 Things Every Girl Should Know.

So, far into the twentieth century, the work is still being done; the journey goes on. Now, some might say that the only purpose of this celebration is to honor the past, that the work begun here is finished in America, that young women no longer face legal obstacles to whatever education or employment choices they choose to pursue. And I certainly believe and hope all of you agree that we should, everyday, count our blessings as American women.

I know how much change I have seen in my own life. When I was growing up back in the fifties and sixties, there were still barriers that Mrs. Stanton would have recognized—scholarships I couldn't apply for, schools I couldn't go to, jobs I couldn't have—just because of my sex. Thanks to federal laws like the Civil Rights Act of 1964 and Title 9, and the Equal Pay Act, legal barriers to equality have fallen.

But if all we do is honor the past, then I believe we will miss the central point of the Declaration of Sentiments, which was, above all, a document about the future. The drafters of the Declaration imagined a different future for women and men, in a society based on equality and mutual respect. It falls to every generation to imagine the future, and it is our task to do so now.

We know that, just as the women 150 years ago knew, that what we imagine will be principally for our daughters and sons in the 21st century. Because the work of the Seneca Falls Convention is, just like the work of the nation itself, it's never finished, so long as there remain gaps between our ideals and reality. That is one of the great joys and beauties of the American experiment. We are always striving to build and move toward a more perfect union, that we on every occasion keep faith with our founding ideals, and translate them into reality. So what kind of future can we imagine together.

If we are to finish the work begun here—then no American should ever again face discrimination on the basis of gender, race or sexual orientation anywhere in our country.

If we are to finish the work begun here—then $0.76 in a woman's paycheck for every dollar in a man's is still not enough. Equal pay for equal work can once and for all be achieved.

If we are to finish the work begun here—then families need more help to balance their responsibilities at work and at home. In a letter to Susan B. Anthony, Elizabeth Cady Stanton writes, ''Come here and I will do what I can to help you with your address, if you will hold the baby and make the pudding.'' Even then, women knew we had to have help with child care. All families should have access to safe, affordable, quality child care.

If we are to finish the work begun here—then women and children must be protected against what the Declaration called the ''chastisement of women,'' namely domestic abuse and violence. We must take all steps necessary to end the scourge of violence against women and punish the perpetrator. And our country must join the rest of the world, as so eloquently Secretary Albright called for on Saturday night here in Seneca Falls, ''Join the rest of the world and ratify the convention on the elimination of discrimination against women.''

If we are to finish the work begun here—we must do more than talk about family values, we must adopt policies that truly value families—policies like a universal system of health care insurance that guarantees every American's access to affordable, quality health care. Policies like taking all steps necessary to keep guns out of the hands of children and criminals. Policies like doing all that is necessary at all levels of our society to ensure high quality public education for every boy or girl no matter where that child lives.

If we are to finish the work begun here—we must ensure that women and men who work full-time earn a wage that lifts them out of poverty and all workers who retire have financial security in their later years through guaranteed Social Security and pensions.

If we are to finish the work begun here—we must be vigilant against the messages of a media-driven consumer culture that convinces our sons and daughters that what brand of sneakers they wear or cosmetics they use is more important that what they think, feel, know, or do.

And if we are to finish the work begun here—we must, above all else, take seriously the power of the vote and use it to make our voices heard. What the champions of suffrage understood was that the vote is not just a symbol of our equality, but that it can be, if used, a guarantee of results. It is the way we express our political views. It is the way we hold our leaders and governments accountable. It is the way we bridge the gap between what we want our nation to be and what it is.

But when will the majority of women voters of our country exercise their most fundamental political right? Can you imagine what any of the Declaration signers would say if they learned how many women fail to vote in elections? They would be amazed and outraged. They would agree with a poster I saw in 1996. On it, there is a picture of a woman with a piece of tape covering her mouth and under it, it says, ''Most politicians think women should be seen and not heard. In the last election, 54 million women agreed with them.''

One hundred and fifty years ago, the women at Seneca Falls were silenced by someone else. Today, women, we silence ourselves. We have a choice. We have a voice. And if we are going to finish the work begun here we must exercise our right to vote in every election we are eligible to vote in.

Much of who women are and what women do today can be traced to the courage, vision, and dedication of the pioneers who came together at Seneca Falls. Now it is our responsibility to finish the work they began. Let's ask ourselves, at the 200th anniversary of Seneca Falls, will they say that today's gathering also was a catalyst for action? Will they say that businesses, labor, religious organizations, the media, foundations, educators, every citizen in our society came to see the unfinished struggle of today as their struggle?

Will they say that we joined across lines of race and class, that we raised up those too often pushed down, and ultimately found strength in each other's differences and resolved in our common cause? Will we, like the champions at Seneca Falls, recognize that men must play a central role in this fight? How can we ever forget the impassioned plea of Frederick Douglas, issued in our defense of the right to vote?

How can we ever forget that young legislator from Tennessee by the name of Harry Burns, who was the deciding vote in ratifying the 19th Amendment. He was planning on voting ''no,'' but then he got a letter from his mother with a simple message. The letter said, ''Be a good boy Harry and do the right thing.'' And he did! Tennessee became the last state to ratify, proving that you can never ever overestimate the power of one person to alter the course of history, or the power of a little motherly advice.

Will we look back and see that we have finally joined the rest of the advanced economies by creating systems of education, employment, child care and health care that support and strengthen families and give all women real choices in their lives.

At the 200th anniversary celebration, will they say that women today supported each other in the choices we make? Will we admit once and for all there is no single cookie cutter model for being a successful and fulfilled woman today, that we have so many choices? We can choose full-time motherhood or no family at all or like most of us, seek to strike a balance between our family and our work, always trying to do what is right in our lives. Will we leave our children a world where it is self-evident that all men and women, boys and girls are created equal?

These are some of the questions we can ask ourselves.

Help us imagine a future that keeps faith with the sentiments expressed here in 1848. The future, like the past and the present, will not and cannot be perfect. Our daughters and granddaughters will face new challenges which we today cannot even imagine. But each of us can help prepare for that future by doing what we can to speak out for justice and equality for women's rights and human rights, to be on the right side of history, no matter the risk or cost, knowing that eventually the sentiments we express and the causes we advocate will succeed because they are rooted in the conviction that all people are entitled by their creator and by the promise of America to the freedom, rights, responsibilities, and opportunity of full citizenship. That is what I imagine for the future. I invite you to imagine with me and then to work together to make that future a reality.

Thank you all very much.●

TRIBUTE TO LIEUTENANT COLONEL STEVEN DOUGLAS JACQUES, USAF

● Mr. WARNER. Mr. President, I rise to recognize the dedication, public service, and patriotism of Lieutenant Colonel Steven Douglas Jacques, United States Air Force, on the occasion of his retirement after over twenty years' of faithful service to our nation. Colonel Jacques' strong commitment to excellence will leave a lasting impact on the vitality of our nation's Space and Intelligence capabilities, commanding the admiration and respect of his military and civilian colleagues.

The son of a retired Air Force Senior Master Sergeant, Steve received his commission through the Air Force Reserve Officer Training Corps program while attending Texas Tech. He was first assigned at the Space and Missiles Systems Organization (SAMSO), Los Angeles AFS, CA in 1977, where he served as financial manager for the Expendable Space Launch Vehicles Program.

In 1981, Steve was assigned to HQ Systems Command, Andrews AFB, MD, as Budget Officer for Space Programs. In 1983, he was transferred to Headquarters, United States Air Force, Pentagon, as the Program Element Monitor for the Expendable Launch Vehicles programs. During this time, the Department reversed its policy and determined that placing sole reliance on the Space Shuttle for access to space for military satellites presented an unacceptable national security risk. Consequently, new ELV programs were created, and Steve became the Air Force's first Titan IV ''PEM.''

Following his Pentagon tour, Steve was transferred back to Los Angeles AFB in 1985, where he was assigned as Deputy Program Control Director for Expendable Launch Vehicles. Months after Steve's arrival, the tragic loss of the Space Shuttle Challenger stimulated the nation's ''Space Launch Recovery,'' in which the Defense Department determined its satellites would eventually be removed from the shuttle and placed back on ELVs for launch. Steve led the efforts in costing and packaging the $10 billion Space Launch Recovery, which was fully approved by the Department and the Congress.

In 1988, Steve returned to the Pentagon, serving in the Special Programs Division of the Directorate for Space Programs, Assistant Secretary of the Air Force for Acquisition. Following duty as Executive Officer to the Director of Space Programs, Steve was assigned to the Assistant Secretary of the Air Force for Legislative Liaison in 1991, where he served as the Air Force's liaison officer to the Congress for all Space Programs.

During the winter and spring of 1994, Steve attended the Defense Systems Management College at Fort Belvoir, Virginia, receiving his Level III certification in Program Management. Following school, Steve was assigned to the National Reconnaissance Office, where he first served as Director of Program Control for a classified program, and later as the SIGINT and Launch Comptroller. While serving as Comptroller, Steve played a formidable leadership role during the NRO's ''forward funding'' recovery.

In 1996, Steve began his final assignment in the Office of the Assistant Secretary of Defense for Legislative Affairs, where he served as Special Assistant for Space, Intelligence, and Special Programs. In this capacity, he represented the Secretary of Defense on a myriad of important and sensitive matters with the U.S. Congress, most notably the tragic Khobar Towers bombing in Saudi Arabia, legislation forming the National Imagery and Mapping Agency, and a number of highly classified issues.

Colonel Steve Jacques' military awards include the Defense Superior Service Medal, the Defense Meritorious Service Medal, the Air Force Meritorious Service Medal, and the Air Force Commendation Medal.

Mr. President, our nation, the Department of Defense, the United States Air Force, and Lieutenant Colonel Steve Jacques' family—his wife Debbie and daughters Tracy and Amy—can truly be proud of this outstanding officer's many accomplishments. While his honorable service will be genuinely missed in the Department of Defense, it gives me great pleasure to recognize Lieutenant Colonel Steve Jacques before my colleagues and wish him the best in his future endeavors.●

PRIVATE HEALTH INSURANCE: HCFA CAUTIOUS IN ENFORCING FEDERAL HIPAA STANDARDS IN STATES LACKING COMPARABLE LAWS

● Mr. JEFFORDS. Mr. President, today, I am releasing a new U.S. General Accounting Office (GAO) report entitled, ''Private Health Insurance: HCFA Cautious in Enforcing Federal HIPAA Standards in States Lacking Comparable Laws'' (GAO/HEHS–98–217R). The GAO report warns that Federal involvement in the role traditionally reserved for the States may complicate oversight of private health insurance.

In 1945, Congress passed the McCarran-Ferguson Act, thereby endorsing the arrangement where States are responsible for the regulation of insurance. Federal regulation of health insurance in States establishes a new precedent. In light of current proposals that would establish additional Federal standards of health insurance, I believe we must carefully consider the appropriate role for Federal and State regulatory agencies in monitoring and enforcing compliance with insurance standards.

As the Chairman of the Committee on Labor and Human Resources, I have closely monitored the implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) since its enactment in the last Congress. HIPAA set new Federal standards for access, portability, and renewability for group health plans under the Employee Retirement Income Security Act of 1974 (ERISA) and for health insurance issuers which have traditionally been regulated by the States. Under the HIPAA framework, in the event that a State does not enact the new Federal standards for health insurance issuers, the Health Care Financing Administration (HCFA) is required to enforce the provisions.

As of June 30, 1998, officials in California, Rhode Island, and Missouri have voluntarily notified HCFA that they have failed to enact HIPAA standards in legislation. Two other States, Massachusetts and Michigan, are widely known to have not enacted conforming legislation, but the States have not notified HCFA, nor has HCFA initiated the formal process to determine if Federal regulation is necessary.

In the case of the five States where HIPAA standards have not been adopted, HCFA must assume several functions normally reserved for State insurance regulators. These duties include (1) responding to consumer inquiries and complaints; (2) providing guidance to carriers about HIPAA requirements; (3) obtaining and reviewing carriers' product literature and policies for compliance with HIPAA standards; (4) monitoring carrier marketing practices for compliance; and (5) imposing civil monetary penalties on carriers who fail to comply with HIPAA requirements.

HCFA officials have acknowledged that their agency has thus far taken a minimalist approach to regulating HIPAA, and they attribute the agency's limited involvement to a lack of experienced staff, as well as uncertainty about its actual regulatory authority. Originally assuming that States would adopt HIPAA legislation, HCFA reassigned only a small number of staff members to address enforcement issues. The reassigned staff generally came from other divisions and

had no previous experience in private health insurance.

As of July, 1998, HCFA has authorized 40 full-time staff members to work on all HIPAA-related issues. HCFA officials acknowledge that these new staffers will likely focus on responding to consumer inquiries and complaints. Officials also have said that they will need additional staff to conduct any further enforcement activities. They are unable to state their precise staff needs, because they are inexperienced in the regulation of private health insurance and are uncertain of their long-term responsibility. At a Labor Committee oversight hearing in March, HCFA Commissioner Nancy-Ann Min DeParle testified that HCFA may require an additional range of enforcement tools, beyond the already-established civil monetary penalties.

Without formal notification of noncompliance from Massachusetts and Michigan, HCFA must undertake a determination process to establish the States' nonconformance, officially providing the authority for HCFA to become involved. HCFA officials have not yet undertaken this effort, which they characterize as cumbersome.

The GAO has found that HCFA's review of carriers' product literature and policy compliance would be restricted by the Paperwork Reduction Act. The Act establishes a process for approval of any collection information, defined as collecting information from 10 or more persons. HCFA would need to obtain approval from the Office of Management and Budget for anything other than obtaining information in response to specific consumer complaints. To fulfill its regulatory duties, HCFA would need OMB approval to collect information from all carriers on a regular basis, which most State insurance commissioners already do.

In California, Missouri, and Rhode Island, oversight of health benefits is divided between State insurance regulators and the Department of Labor. The addition of HCFA to the array of regulatory bodies may further fragment and complicate the regulation of private health insurance. This framework may lead to duplication, yet none of these agencies will have complete authority for regulating health insurance products. Ms. DeParle herself has stated that this would be a challenging ''patchwork quilt of Federal and State enforcement.''

One example is in Missouri, where the State's present small-group, guaranteed-issue requirement is applicable to groups of 3 to 25 individuals. HIPAA's small-group guaranteed-issue standard applies to policies sold to groups of 2 to 50 individuals. Therefore, in Missouri, HCFA has the responsibility for ensuring that carriers guarantee products to groups the size of 2 individuals, and groups the size of 26 to 50 individuals.

The legislative history of HIPAA makes clear that the Congress intended that the effect of this legislation would be that all States would come quickly into compliance with the stated Federal standards, eliminating the need for active regulation by HCFA. We are now confronted by the fact that in at least five States HCFA must initiate enforcement with respect to group to individual market coverage.

At a March 19, 1998, Labor Committee HIPAA oversight hearing, Don Moran of the Lewin Group testified: ''The lesson I take from HIPAA is that, in the complex world of health benefits regulation, the Federal government cannot tidily insert itself as a policy-setter in a predominantly State-administered regulatory regime.'' In establishing minimum Federal standards for health insurance, we may have to develop alternative approaches to the HIPAA framework so as to encourage States to meet Federal standards and retain enforcement responsibilities.

Mr. President, the GAO report concludes that HCFA's regulatory role is likely to expand as it assumes enforcement responsibilities to ensure States' compliance with HIPAA. It is clear that HCFA's new regulatory responsibilities will increase the burden faced by health carriers and regulators, and will add to the confusion faced by consumers, who try to navigate through the intricate system of overlapping and duplicative regulatory jurisdiction.●

FEDERAL ACTIVITIES INVENTORY REFORM (FAIR) ACT

● Mr. THOMAS. Mr. President, I rise today to express my deep appreciation to the members of the Senate Governmental Affairs Committee, and the Committee's staff, for the time and effort they have dedicated to developing a consensus on my legislation to codify the 40+ year Federal policy on reliance on the private sector.

At the beginning of this Congress, I introduced S. 314, the ''Freedom from Government Competition Act.'' This legislation was an attempt to establish in statute a workable process by which Federal agencies utilize the private sector for commercially available products and services. As we have learned from our research and from House and Senate hearings, as early as 1932 Congress first became aware of the fact that the Federal government was starting and carrying out activities that are commercial in nature, and that government performance of these activities resulted in unfair competition with the private sector. In 1954, a bill to address this issue passed the House and was reported by the Committee on Governmental Affairs of the Senate. At that time, the Eisenhower Administration indicated that it could resolve the issue administratively. Bureau of the Budget Bulletin 55–4 was issued and the Senate suspended action on the legislation. The budget document established a federal policy of reliance on the private sector. It noted that the free enterprise system was the strength of our economy and that the government should not compete with private business. Rather, the Bulletin said, the government should rely on the private sector for those good and services that could be obtained through ordinary business channels.

That policy is now found in OMB Circular A–76 and has been endorsed by every Administration, of both parties, since 1955. However, the degree of enthusiasm for implementation of the Circular has varied from one Administration to another. In fact, the issue of government competition has become so pervasive that all three sessions of the White House Conference on Small Business, held in 1980, 1986, and 1995, ranked this as one of the top problems facing America's small businesses. According to testimony we received, it is estimated that more than half a million Federal employees are engaged in activities that are commercial in nature.

However, the purpose of my legislation is not to bash Federal employees. I believe most are motivated by public service and are dedicated individuals. However, from a policy standpoint, I believe we have gone too far in defining the role of government and the private sector in our economy. Because A–76 is non-binding and discretionary on the part of agencies, too many commercial activities have been started and carried out in Federal agencies. Because A–76 is not statutory, Congress has failed to exercise its oversight responsibilities. Further, by leaving ''make or buy'' decisions to agency managers, there has been no means to assure that agencies ''govern'' or restrict themselves to inherently governmental activities, rather than produce goods and services that can otherwise be performed in and obtained from the private sector.

Among the problems we have seen with Circular A–76 is (1) agencies do not develop accurate inventories of activities (2) they do not conduct the reviews outlined in the Circular, (3) when reviews are conducted they drag out over extended periods of time and (4) the criteria for the reviews are not fair and equitable. These are complaints we heard from the private sector, government employees, and in some cases from both.

In the 1980's our former colleague Senator Warren Rudman first introduced the ''Freedom from Government Competition Act'' in the Senate. Later, Representative John J. Duncan, Jr. (R–TN) introduced similar legislation the House. I was a cosponsor of that bill when I served in the other body. Upon my election to the Senate in the 104th Congress, I introduced the companion to Rep. Duncan's bill in the Senate.

On Wednesday, July 15, 1998 the Senate Governmental Affairs Committee unanimously reported a version of S. 314 that is a result of many months of discussion among both the majority and minority on the committee, OMB, Federal employee unions and private sector organizations. The amendment in the nature of a substitute offered by

Chairman Fred Thompson and approved by the Committee is a consensus and a compromise.

It is important to point out that the bill that I introduced in the 104th Congress was an attempt to codify the original 1955 policy that the government should rely on the private sector. After a hearing on that bill was convened by Senator STEVENS, during his tenure as Chairman of the Committee on Governmental Affairs, it became clear to me that it was necessary to add to the bill the concept of competition to determine whether government performance or private sector performance resulted in the best value to the American taxpayer. While S. 314 as introduced, and H.R. 716 introduced in the House, was still entitled the ''Freedom from Government Competition Act'', it in fact not only did not prevent government competition, but it mandated it. This was not a change that private sector organizations came to comfortably support. However, inasmuch as OMB Circular A–76 changed through the years from its original 1955 philosophical statement to its more recent iterations that required public-private competition, I revised my bill when introducing it last year to include such competitions, provided they in fact are conducted and that when conducted, they are fair and equitable comparisons carried out on a level playing field.

I would also hasten to add that the measure reported by the Senate Governmental Affairs Committee, which I hope will be promptly approved by the full Senate, is significantly different than S. 314 as introduced. While S. 314 as introduced was opposed by the Administration and by the Federal employee unions, the compromise measure reported from the committee is not opposed by these groups.

Mr. President, this is important legislation that I believe will truly result in a government that works better and costs less. Certainly government agency officials should have the ability to contract with the private sector for goods and services needed for the conduct of government activities. This bill will not inhibit ability. However, it should not be the practice of the government to carry on commercial activities for months, years, even decades without reviewing whether such activities can be carried out in a more cost effective or efficient manner by the private sector. I believe that the drive to reduce the size and scope of the federal government will be successful only when we force the government to do less and allow the private sector to do more.

During the course of our hearings, it became abundantly clear that there are certain activities that the Federal government has performed in-house which can and should be converted to the private sector. Areas such as architecture an engineering, surveying and mapping, laboratory testing, information technology, and laundry services have no place in government. These activities should be promptly transitioned to the private sector.

Thre are other activities in which a public-private competition should be conducted to determined which provider can deliver the best value to the taxpayer. This includes base and facility operation, campgrounds an auctioning.

There are several key provisions in the bill upon which I would like to comment. In particular, section 2(d) requires the head of an agency to review the activities on his or her list of commercial activities ''within a reasonable time''. OMB strongly opposed a legislative timetable for conducting these reviews. As a result of the compromise language on this matter, it will be incumbent on OMB to make certain these reviews are indeed conducted in a reasonable time frame. These reviews should be scheduled and completed within moths, not years. I will personally monitor progress on this matter, as will the Governmental Affairs Committee. I urge OMB to exercise strong oversight to assure timely implementation of this requirement by the agencies.

This provision also requires that agencies use a ''competitive process'' to select the source of goods or services. In my view, this term has the same meaning as ''competitive procedures'' as defined in Federal law (10 U.S.C. 2302(2) and 41 U.S.C. 259 (b)). To the extent that a government agency competes for work under this section of the bill, the government agency will be treated as any other contractor or offeror in order to assure that the competition is conducted on a level playing field.

Another issue that I have been concerned about is the proliferation of Interservice Support Agreement's (ISSA's). Under the ''FAIR'' Act, consistent with the Economy Act (31 U.S.C. 1535), items on the commercial inventory that have not been reviewed may not be performed for another federal agency. In addition, any item on the inventory cannot be provided to state or local governments unless there is a certification, pursuant to the Intergovernmental Cooperation Act (31 U.S.C. 6505(a)).

Enactment of the ''FAIR'' Act is a major achievement because it codifies a process to assure government reliance on the private sector to the maximum extent feasible. Further, it will put some teeth into Executive Order 12615 by President Reagan, which is still on the books today.

Again, I thank the members of the Senate Government Affairs Committee and the Committee's staff, for all of the hard work necessary to forge this compromise. I look forward to working with them on thorough Congressional oversight on the implementation of this bill.●

A TRIBUTE TO THOMAS ESTES

● Mr. SMITH, of New Hampshire. Mr. President, I rise today to pay tribute to the life and accomplishments of Thomas Clifford Estes of New Ipswich, New Hampshire, who recently passed away at the age of 66.

The family of Tom Estes can take comfort and pride in the way that he lived his life. Born on November 28, 1931 to the late Bedford and Emily Estes of New York, Tom graduated from Erasmus Hall High School and later studied at RCA Institute.

Following his father's distinguished example in serving this country in the armed forces, Tom joined the United States Navy in 1951, shortly after the outbreak of the Korean War. For three of his four years of active duty, Tom served on the U.S.S. Tarawa, a Navy aircraft carrier that entered the Asian war zone. He earned a number of Navy awards, including the Korean Service Medal, the United Nations Service Medal, the China Service Medal, the National Defense Service Medal, the Good Conduct Medal and the Navy Occupation Service Medal.

Tom's service to the nation was commendable, not just during the Korean War, but throughout his thirty-two years of Federal civil service. He began his career as a quality assurance engineer for the United States military in Florida and later moved to Dallas, Texas, before settling in New Hampshire in 1967. Upon his retirement, Tom was recognized by the Defense Logistics Agency for his contributions.

Tom was admired for his integrity, dedication to his community and positive demeanor. He remained a devoted husband to his wife, Mary, throughout almost thirty-five years of marriage and helped care for his disabled sister for many years. An accomplished chess player, Tom also enjoyed baseball and studied the law. He and his wife ran a small, twenty-acre farm in New Ipswich for many years. He was a man who cared about the needs of others and his community, whose sense of humor, cheery smile and knack for storytelling will be missed by all who knew him.

Tom will be buried with military honors at Arlington National Cemetery on Monday, August 3, 1998. I extend my deepest sympathies to his wife, Mary, his daughter, Evelyn, his sons Thomas and Peter, and his sister, Nancy. It is my great pleasure to pay tribute to this special American in the official RECORD of the annals of Congress.●

THE EFFORTS OF THE WOMEN'S MOTORCYCLIST FOUNDATION, INC., TOWARDS THE CURE FOR BREAST CANCER

● Mr. D'AMATO. Mr. President, I rise today to commemorate The Women's Motorcyclist Foundation, Inc. for their continued efforts in the battle against breast cancer. The fight against breast cancer is one that everyone must join

in together. Unfortunately, Mr. President, New York has one of the highest incidence rates of breast cancer in the country.

Breast cancer is the most common form of cancer in women with over 2.6 million living with it presently in the United States. The Women's Motorcyclist Foundation has taken an active role in trying to solve this problem by sponsoring a nation wide tour across 44 states and fifty major metropolitan areas in an event known as the Pony Express Tour.

The women cyclists began as a group to inspire other women to take up the avocation of and interest in the motorcycling industry. As the organization grew, the foundation decided to enlarge its perspective by voting in 1992 to use its collective passion for motorcycling as a vehicle to raise money for breast cancer research. It was further decided that the Susan G. Komen Breast Cancer Foundation would be the main recipient of the Foundation's efforts. The Komen Foundation is the largest private organization in the world whose sole aim is eradicating breast cancer.

The Women's Motorcyclist Foundation is comprised of a large number of national, international and independent clubs and associations. Each organization provides the particular activities, values, character and personality that works for its particular membership. Having always been a non-profit organization, it has recently evolved into a tax-exempt charitable organization. The Women's Motorcyclist Foundation is presently articulating its Mission Statement through activities to raise money for the Komen Foundation.

During the summer of 1993, the Foundation participated in the Women's Arctic Tour and raised $25,000 for the Komen Breast Cancer Foundation. Then, in 1996, these women raised 12 times that amount when they rode across the nation in the Pony Express Tour. The Pony Express Tour '98 has set a goal of $500,000 for the 500,000 lives that will be lost to this deadly disease in just this decade. The Women's Motorcyclist Foundation has also been recognized with two national awards. The American Motorcyclist Association and the Susan G. Komen Breast Cancer Foundation both honored them for their positive contributions and dedication to a cure.

The Women's Motorcyclist Foundation is to be commended for their dedication and desire to find a cure for this deadly disease. It is through their concentrated efforts that they provide both the money and awareness to American women in the fight against breast cancer. I am extremely proud of The Women's Motorcyclist Foundation's commitment and I encourage other organizations and associations throughout the country to search for innovative ways of not only providing funds for breast cancer research, but information and awareness to women of all ages so that we may be able to detect this cancer in its earliest stages. ●

ORDER OF PROCEDURE

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I understand that Senator HATCH wishes to make the final motions and unanimous consent requests on behalf of the majority leader.

I yield to him for that purpose.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I thank my colleague so that we can do the necessary procedure before the closing remarks.

AUTHORITY TO PRINT EULOGIES FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT

Mr. HATCH. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Con. Res. 112 submitted earlier today by Senators WARNER, MOYNIHAN, and FORD.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 112) authorizing the printing of the eulogies of the Senate and House of Representatives for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. HATCH. Mr. President, I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid on the table, and that any statements relating to the resolution appear in the RECORD.

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

The concurrent resolution (S. Con. Res. 112) was agreed to.

The concurrent resolution is as follows:

S. CON. RES. 112

Resolved by the Senate (the House of Representatives concurring), That the eulogies for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, as expressed in the House of Representatives and the Senate together with the text of the memorial services, shall be printed as a tribute to Detective Gibson and Officer Chestnut, with illustrations and suitable binding. The document shall be prepared under the direction of the Joint Committee on Printing. There shall be printed 300 casebound copies; 50 to be delivered to each of the families of Detective Gibson and Officer Chestnut, and 200 for the use of the United States Capitol Police.

COMMUNITY OPPORTUNITIES, ACCOUNTABILITY, AND TRAINING AND EDUCATIONAL SERVICES ACT OF 1998

Mr. HATCH. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 483, S. 2206.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (S. 2206) to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, 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, which had been reported from the Committee on Labor and Human Resources, 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 ''Community Opportunities, Accountability, and Training and Educational Services Act of 1998'' or the ''Coats Human Services Reauthorization Act of 1998''.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—HEAD START PROGRAMS

Sec. 101. Short title.
Sec. 102. References.
Sec. 103. Statement of purpose.
Sec. 104. Definitions.
Sec. 105. Financial assistance for Head Start programs.
Sec. 106. Authorization of appropriations.
Sec. 107. Allotment of funds.
Sec. 108. Designation of Head Start agencies.
Sec. 109. Quality standards.
Sec. 110. Powers and functions of Head Start agencies.
Sec. 111. Head Start transition.
Sec. 112. Submission of plans to Governors.
Sec. 113. Participation in Head Start programs.
Sec. 114. Early Head Start programs for families with infants and toddlers.
Sec. 115. Technical assistance and training.
Sec. 116. Staff qualifications and development.
Sec. 117. Research, demonstration, and evaluation.
Sec. 118. Repeal.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

Sec. 201. Reauthorization.
Sec. 202. Conforming amendments.
Sec. 203. Repealers.

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE

Sec. 301. Authorization.
Sec. 302. Definitions.
Sec. 303. Natural disasters and other emergencies.
Sec. 304. State allotments.
Sec. 305. Administration.
Sec. 306. Payments to States.
Sec. 307. Residential Energy Assistance Challenge option.
Sec. 308. Technical assistance, training, and compliance reviews.

TITLE IV—ASSETS FOR INDEPENDENCE

Sec. 401. Short title.
Sec. 402. Findings.

Sec. 403. Purposes.
Sec. 404. Definitions.
Sec. 405. Applications.
Sec. 406. Demonstration authority; annual grants.
Sec. 407. Reserve Fund.
Sec. 408. Eligibility for participation.
Sec. 409. Selection of individuals to participate.
Sec. 410. Deposits by qualified entities.
Sec. 411. Local control over demonstration projects.
Sec. 412. Annual progress reports.
Sec. 413. Sanctions.
Sec. 414. Evaluations.
Sec. 415. Treatment of funds.
Sec. 416. Authorization of appropriations.

TITLE I—HEAD START PROGRAMS

SEC. 101. SHORT TITLE.

This title may be cited as the ''Head Start Amendments of 1998''.

SEC. 102. REFERENCES.

Except as otherwise expressly provided, wherever in this title 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 Head Start Act (42 U.S.C. 9831 et seq.).

SEC. 103. STATEMENT OF PURPOSE.

The Head Start Act is amended by striking section 636 (42 U.S.C. 9831) and inserting the following:

''SEC. 636. STATEMENT OF PURPOSE.

''It is the purpose of this subchapter to promote school readiness by enhancing the social and cognitive development of low-income children through the provision, to low-income children and their families, of health, educational, nutritional, social, and other services that are determined to be necessary, based on family needs assessments.''.

SEC. 104. DEFINITIONS.

Section 637 (42 U.S.C. 9832) is amended—

(1) by redesignating paragraphs (5) through (14) as paragraphs (7) through (16), respectively;

(2) by redesignating paragraph (3) as paragraph (6) and inserting such paragraph after paragraph (4);

(3) by striking paragraph (4) and inserting the following:

''(3) The term 'child with a disability' means—

''(A) a child with a disability, as defined in section 602(3) of the Individuals with Disabilities Education Act; and

''(B) an infant or toddler with a disability, as defined in section 632(5) of such Act.

''(4) The term 'delegate agency' means a public, private nonprofit, or for-profit organization or agency to which a grantee has delegated all or part of the responsibility of the grantee for operating a Head Start program.

''(5) The term 'family literacy services' means services that—

''(A) are provided to participants who receive the services on a voluntary basis;

''(B) are of sufficient intensity, and of sufficient duration, to make sustainable changes in a family (such as eliminating or reducing dependence on income-based public assistance); and

''(C) integrate each of—

''(i) interactive literacy activities between parents and their children;

''(ii) training for parents on being partners with their children in learning;

''(iii) parent literacy training, including training that contributes to economic self-sufficiency; and

''(iv) appropriate instruction for children of parents receiving the parent literacy training.'';

(4) in paragraph (8) (as redesignated in paragraph (1)), by adding at the end the following: ''Nothing in this paragraph shall be construed to require an agency to provide services to a child who has not reached the age of compulsory school attendance for more than the number of hours per day permitted by State law (including regulation) for the provision of services to such a child.'';

(5) by striking paragraph (14) (as redesignated in paragraph (1)) and inserting the following:

''(14) The term 'migrant or seasonal Head Start program' means—

''(A) with respect to services for migrant farmworkers, a Head Start program that serves families who are engaged in agricultural labor and who have changed their residence from one geographic location to another in the preceding 2-year period; and

''(B) with respect to services for seasonal farmworkers, a Head Start program that serves families who are engaged primarily in seasonal agricultural labor and who have not changed their residence to another geographic location in the preceding 2-year period.''; and

(6) by adding at the end the following:

''(17) The term 'reliable and replicable', used with respect to research, means an objective, valid, scientific study that—

''(A) includes a rigorously defined sample of subjects, that is sufficiently large and representative to support the general conclusions of the study;

''(B) relies on measurements that meet established standards of reliability and validity;

''(C) is subjected to peer review before the results of the study are published; and

''(D) discovers effective strategies for enhancing the development and skills of children.''.

SEC. 105. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 638(1) (42 U.S.C. 9833(1)) is amended—

(1) by striking ''aid the'' and inserting ''enable the''; and

(2) by striking the semicolon and inserting ''and attain school readiness;''.

SEC. 106. AUTHORIZATION OF APPROPRIATIONS.

Section 639 (42 U.S.C. 9834) is amended—

(1) in subsection (a), by striking ''1995 through 1998'' and inserting ''1999 through 2003''; and

(2) in subsection (b), by striking all that follows ''shall make available—'' and inserting the following:

''(1) for each of fiscal years 1999 through 2003 to carry out activities authorized under section 642A, not more than $35,000,000 but not less than was made available for such activities for fiscal year 1998;

''(2) not more than $5,000,000 for each of fiscal years 1999 through 2003 to carry out impact studies under section 649(g); and

''(3) not more than $12,000,000 for fiscal year 1999, and such sums as may be necessary for each of fiscal years 2000 through 2003, to carry out other research, demonstration, and evaluation activities, including longitudinal studies, under section 649.''.

SEC. 107. ALLOTMENT OF FUNDS.

(a) ALLOTMENTS.—Section 640(a) (42 U.S.C. 9835(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking ''handicapped children'' and inserting ''children with disabilities'';

(ii) by striking ''migrant Head Start programs'' each place it appears and inserting ''migrant or seasonal Head Start programs''; and

(iii) by striking ''1994'' and inserting ''1998'';

(B) in subparagraph (C), by striking ''and'' at the end;

(C) in subparagraph (D), by striking ''related to the development and implementation of quality improvement plans under section 641A(d)(2).'' and inserting ''carried out under paragraph (1), (2), or (3) of section 641A(d) related to correcting deficiencies and conducting proceedings to terminate the designation of Head Start agencies; and'';

(D) by inserting after subparagraph (D) the following:

''(E) payments for research, demonstration, and evaluation activities under section 649.''; and

(E) by adding at the end the following: ''In determining the need and demand for migrant and seasonal Head Start programs, and services provided through such programs, the Secretary shall consult with appropriate entities, including providers of services for seasonal and migrant Head Start programs. The Secretary shall, after taking into consideration the need and demand for migrant and seasonal Head Start programs, and such services, ensure that there is an adequate level of such services for the children of eligible migrant farmworkers before approving an increase in the allocation provided for children of eligible seasonal farmworkers. In carrying out this subchapter, the Secretary shall continue the administrative arrangement responsible for meeting the needs of migrant or seasonal farmworker and Indian children and shall assure that appropriate funding is provided to meet such needs.'';

(2) in paragraph (3)—

(A) in subparagraph (B)—

(i) in clause (ii)—

(I) by striking ''adequate qualified staff'' and inserting ''adequate numbers of qualified staff''; and

(II) by inserting ''and children with disabilities'' before '', when'';

(ii) in clause (iv), by inserting before the period the following: '', and to encourage the staff to continually improve their skills and expertise by informing the staff of the availability of Federal and State incentive and loan forgiveness programs for professional development and by providing for preferences in the awarding of salary increases, in excess of cost-of-living allowances, to staff who obtain additional training or education related to their responsibilities as employees of a Head Start program or to advance their careers within the Head Start program'';

(iii) in clause (vi), by striking the period and inserting '', and are physically accessible to children with disabilities and their parents.'';

(iv) by redesignating clause (vii) as clause (viii); and

(v) by inserting after clause (vi) the following:

''(vii) Ensuring that such programs have qualified staff that can promote language skills and literacy growth of children and that can provide children with a variety of skills that have been identified, through research that is reliable and replicable, as predictive of later reading achievement.'';

(B) in subparagraph (C)—

(i) in clause (i)(I)—

(I) by striking ''of staff'' and inserting ''of classroom teachers and other staff''; and

(II) by striking ''such staff'' and inserting ''qualified staff, including recruitment and retention pursuant to section 648A(a)'';

(ii) by striking clause (ii) and inserting the following:

''(ii) To supplement amounts provided under paragraph (2)(C) to provide training to classroom teachers and other staff on proven techniques that promote—

''(I) language and literacy growth; and

''(II) the acquisition of the English language for non-English background children and families.'';

(iii) in clause (v), by inserting ''accessibility or'' before ''availability'';

(iv) by redesignating clauses (iii), (iv), (v), and (vi) as clauses (iv), (v), (vi), and (iii), respectively; and

(v) by inserting clause (iii) (as redesignated in clause (iv) of this subparagraph) after clause (ii); and

(C) in subparagraph (D)(i)(II), by striking ''migrant Head Start programs'' and inserting ''migrant or seasonal Head Start programs'';

(3) in paragraph (4)(A), by striking ''1981'' and inserting ''1998'';

(4) in paragraph (5)—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (D)'';

(B) in subparagraph (B), by inserting before the period the following: ''and to encourage

Head Start agencies to collaborate with entities involved in State and local planning processes (including the State lead agency administering the financial assistance received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and the entities providing resource and referral services in the State) in order to better meet the needs of low-income children and families'';

(C) in subparagraph (C)—

(i) in clause (i)(I), by inserting ''the appropriate regional office of the Administration for Children and Families and'' before ''agencies'';

(ii) in clause (iii), by striking ''and'' at the end;

(iii) in clause (iv)—

(I) by striking ''education, and national service activities,'' and inserting ''education, and community service activities,'';

(II) by striking ''and activities'' and inserting ''activities''; and

(III) by striking the period and inserting '', and services for homeless children; and''; and

(iv) by adding at the end the following:

''(v) include representatives of the State Head Start Association and local Head Start agencies in unified planning regarding early care and education services at both the State and local levels, including collaborative efforts to plan for the provision of full-working-day, full calendar year early care and education services for children.'';

(D) by redesignating subparagraph (D) as subparagraph (F); and

(E) by inserting after subparagraph (C) the following:

''(D) Following the award of collaboration grants described in subparagraph (B), the Secretary shall provide, from the reserved sums, supplemental funding for collaboration grants—

''(i) to States that (in consultation with their State Head Start Associations) develop statewide, regional, or local unified plans for early childhood education and child care that include the participation of Head Start agencies; and

''(ii) to States that engage in other innovative collaborative initiatives, including plans for collaborative training and career development initiatives for child care, early childhood education, and Head Start service managers, providers, and staff.

''(E)(i) The Secretary shall—

''(I) review on an ongoing basis evidence of barriers to effective collaboration between Head Start programs and other Federal child care and early childhood education programs and resources;

''(II) develop initiatives, including providing additional training and technical assistance and making regulatory changes, in necessary cases, to eliminate barriers to the collaboration; and

''(III) develop a mechanism to resolve administrative and programmatic conflicts between such programs that would be a barrier to service providers, parents, or children related to the provision of unified services and the consolidation of funding for child care services.

''(ii) In the case of a collaborative activity funded under this subchapter and another provision of law providing for Federal child care or early childhood education, the use of equipment and nonconsumable supplies purchased with funds made available under this subchapter or such provision shall not be restricted to children enrolled or otherwise participating in the program carried out under that subchapter or provision, during a period in which the activity is predominantly funded under this subchapter or such provision.''; and

(5) in paragraph (6)—

(A) by inserting ''(A)'' before ''From''; and

(B) by striking ''3 percent'' and all that follows and inserting the following: ''7.5 percent for fiscal year 1999, 8 percent for fiscal year 2000, 9 percent for fiscal year 2001, 10 percent for fiscal year 2002, and 10 percent for fiscal year 2003, of the amount appropriated pursuant to section 639(a), except as provided in subparagraph (B).

''(B)(i) For any fiscal year for which the Secretary determines that the amount appropriated under section 639(a) is not sufficient to permit the Secretary to reserve the portion described in subparagraph (A) without reducing the number of children served by Head Start programs or adversely affecting the quality of Head Start services, relative to the number of children served and the quality of the services during the preceding fiscal year, the Secretary may reduce the percentage of funds required to be reserved for the portion described in subparagraph (A) for the fiscal year for which the determination is made, but not below the percentage required to be so reserved for the preceding fiscal year.

''(ii) For any fiscal year for which the amount appropriated under section 639(a) is reduced to a level that requires a lower amount to be made available under this subchapter to Head Start agencies and entities described in section 645A, relative to the amount made available to the agencies and entities for the preceding fiscal year, adjusted as described in paragraph (3)(A)(ii), the Secretary shall proportionately reduce—

''(I) the amounts made available to the entities for programs carried out under section 645A; and

''(II) the amounts made available to Head Start agencies for Head Start programs.''.

(b) CHILDREN WITH DISABILITIES.—Section 640(d) (42 U.S.C. 9835(d)) is amended—

(1) by striking ''1982'' and inserting ''1999''; and

(2) by striking ''(as defined in section 602(a) of the Individuals with Disabilities Education Act)''.

(c) INCREASED APPROPRIATIONS.—Section 640(g) (42 U.S.C. 9835(g)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by striking the semicolon and inserting '', and the performance history of the applicant in providing services under other Federal programs (other than the program carried out under this subchapter);'';

(B) in subparagraph (C), by striking ''spoken);'' and inserting ''spoken, and organizations serving children with disabilities);'';

(C) in subparagraph (D), by inserting before the semicolon the following: ''and the extent to which, and manner in which, the applicant demonstrates the ability to collaborate and participate with other local community providers of child care or preschool services to provide full-working-day, full calendar year services'';

(D) in subparagraph (E), by striking ''program; and'' and inserting ''program or any other early childhood program;'';

(E) in subparagraph (F), by striking the period and inserting ''; and''; and

(F) by adding at the end the following:

''(G) the extent to which the applicant proposes to foster partnerships with other service providers in a manner that will enhance the resource capacity of the applicant.''; and

(2) by adding at the end the following:

''(4) Notwithstanding subsection (a)(2), after taking into account the provisions of paragraph (1), the Secretary may allocate a portion of the remaining additional funds under subsection (a)(2)(A) for the purpose of increasing funds available for the activities described in such subsection.''.

(d) MIGRANT OR SEASONAL HEAD START PROGRAMS.—Section 640(l) (42 U.S.C. 9835(l)) is amended—

(1) by striking ''migrant Head Start programs'' each place it appears and inserting ''migrant or seasonal Head Start programs''; and

(2) by striking ''migrant families'' and inserting ''migrant or seasonal farmworker families''.

(e) CONFORMING AMENDMENT.—Section 644(f)(2) (42 U.S.C. 9839(f)(2)) is amended by striking ''640(a)(3)(C)(v)'' and inserting ''640(a)(3)(C)(vi)''.

SEC. 108. DESIGNATION OF HEAD START AGENCIES.

Section 641 (42 U.S.C. 9836) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting ''or for-profit'' after ''nonprofit''; and

(B) in paragraph (2), by inserting ''(in consultation with the chief executive officer of the State in which the community is located)'' after ''the Secretary'';

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking ''shall give priority'' and inserting ''shall, in consultation with the chief executive officer of the State, give priority'';

(ii) by inserting ''or for-profit'' after ''nonprofit''; and

(iii) by striking ''unless the Secretary makes a finding'' and all that follows and inserting the following: ''unless the Secretary determines that the agency involved fails to meet program and financial management requirements, performance standards described in section 641A(a)(1), or other requirements established by the Secretary.'';

(B) in paragraph (2), by striking ''shall give priority'' and inserting ''shall, in consultation with the chief executive officer of the State, give priority''; and

(C) by aligning the margins of paragraphs (2) and (3) with the margins of paragraph (1);

(3) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting after the first sentence the following new sentence: ''In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give priority to any qualified agency that functioned as a delegate agency in the community and carried out a Head Start program that the Secretary determines has met or exceeded the performance standards and outcome-based performance measures described in section 641A.'';

(B) in paragraph (4)(A), by inserting ''(at home and in the center involved where practicable)'' after ''activities'';

(C) by redesignating paragraphs (7) and (8) as paragraphs (9) and (10), respectively; and

(D) by inserting after paragraph (6) the following:

''(7) the plan of such applicant to meet the needs of non-English background children and their families, including needs related to the acquisition of the English language;

''(8) the plan of such applicant to meet the needs of children with disabilities;'';

(4) by striking subsection (e) and inserting the following:

''(e) If no agency in the community receives priority designation under subsection (c), and there is no qualified applicant in the community, the Secretary shall designate a qualified agency to carry out the Head Start program in the community on an interim basis until a qualified applicant from the community is so designated.''; and

(5) by adding at the end the following:

''(g) If the Secretary determines that a nonprofit agency and a for-profit agency have submitted applications for designation of equivalent quality under subsection (d), the Secretary may give priority to the nonprofit agency.''.

SEC. 109. QUALITY STANDARDS.

(a) QUALITY STANDARDS.—Section 641A(a) (42 U.S.C. 9836a(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting '', including minimum levels of overall accomplishment,'' after ''regulation standards'';

(B) in subparagraph (A), by striking ''education,'';

(C) by redesignating subparagraphs (B) through (D) as subparagraphs (C) through (E), respectively; and

(D) by inserting after subparagraph (A) the following:

''(B)(i) education performance standards to ensure the school readiness of children participating in a Head Start program, on completion

of the Head Start program and prior to entering school; and

''(ii) additional education performance standards to ensure that the children participating in the program, at a minimum—

''(I) develop phonemic, print, and numeracy awareness;

''(II) understand and use oral language to communicate needs, wants, and thoughts;

''(III) understand and use increasingly complex and varied vocabulary;

''(IV) develop and demonstrate an appreciation of books; and

''(V) in the case of non-English background children, progress toward acquisition of the English language.'';

(2) by striking paragraph (2);

(3) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively;

(4) in paragraph (2) (as redesignated in paragraph (3))—

(A) in subparagraph (B)(iii), by striking ''child'' and inserting ''early childhood education and''; and

(B) in subparagraph (C)—

(i) in clause (i)—

(I) by striking ''not later than 1 year after the date of enactment of this section,''; and

(II) by striking ''section 651(b)'' and all that follows and inserting ''this subsection; and''; and

(ii) in subclause (ii), by striking ''November 2, 1978'' and inserting ''the date of enactment of the Coats Human Services Reauthorization Act of 1998''; and

(5) in paragraph (3) (as redesignated in paragraph (3)), by striking ''to an agency (referred to in this subchapter as the ''delegate agency'')'' and inserting ''to a delegate agency''.

(b) PERFORMANCE MEASURES.—Section 641A(b) (42 U.S.C. 9836a(b)) is amended—

(1) in the subsection heading, by inserting ''OUTCOME-BASED'' before ''PERFORMANCE'';

(2) in paragraph (1)—

(A) by striking ''Not later than 1 year after the date of enactment of this section, the'' and inserting ''The'';

(B) by striking ''child'' and inserting ''early childhood education and'';

(C) by striking ''(referred'' and inserting '', and the impact of the services provided through the programs to children and their families (referred'';

(D) by striking ''performance measures'' and inserting ''outcome-based performance measures''; and

(E) by adding at the end the following: ''The performance measures shall include the performance standards described in subsection (a)(1)(B)(ii).''; and

(3) in paragraph (2)—

(A) in the paragraph heading, by striking ''DESIGN'' and inserting ''CHARACTERISTICS'';

(B) in the matter preceding subparagraph (A), by striking ''shall be designed—'' and inserting ''shall—'';

(C) in subparagraph (A), by striking ''to assess'' and inserting ''be used to assess the impact of'';

(D) in subparagraph (B)—

(i) by striking ''to''; and

(ii) by striking ''and peer review'' and inserting '', peer review, and program evaluation''; and

(E) in subparagraph (C), by inserting ''be developed'' before ''for other''.

(c) MONITORING.—Section 641A(c)(2) (42 U.S.C. 9836a(c)(2)) is amended—

(1) in subparagraph (B), by striking ''; and'' and inserting a semicolon;

(2) in subparagraph (C)—

(A) by inserting ''(including children with disabilities)'' after ''eligible children''; and

(B) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(D) as part of the reviews of the programs, include a review and assessment of program effectiveness, as measured in accordance with the outcome-based performance measures developed pursuant to subsection (b) and with the performance standards established pursuant to subparagraphs (A) and (B) of subsection (a)(1).''.

(d) TERMINATION.—Section 641A(d) (42 U.S.C. 9836a(d)) is amended—

(1) in paragraph (1)(B), to read as follows:

''(B) with respect to each identified deficiency, require the agency—

''(i) to correct the deficiency immediately, if the Secretary finds that the deficiency threatens the health or safety of staff or program participants or poses a threat to the integrity of Federal funds;

''(ii) to correct the deficiency not later than 90 days after the identification of the deficiency if the Secretary finds, in the discretion of the Secretary, that such a 90-day period is reasonable, in light of the nature and magnitude of the deficiency; or

''(iii) in the discretion of the Secretary (taking into consideration the seriousness of the deficiency and the time reasonably required to correct the deficiency), to comply with the requirements of paragraph (2) concerning a quality improvement plan; and''; and

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking ''able to correct a deficiency immediately'' and inserting ''required to correct a deficiency immediately or during a 90-day period under clause (i) or (ii) of paragraph (1)(B)''.

SEC. 110. POWERS AND FUNCTIONS OF HEAD START AGENCIES.

Section 642 (42 U.S.C. 9837) is amended—

(1) in subsection (a), by inserting ''or for-profit'' after ''nonprofit'';

(2) in subsection (c)—

(A) by inserting ''and collaborate'' after ''coordinate''; and

(B) by striking ''section 402(g) of the Social Security Act, and other'' and inserting ''the State program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and other early childhood education and development''; and

(3) in subsection (d)—

(A) in paragraph (1)—

(i) by striking ''shall carry out'' and all that follows through ''maintain'' and inserting ''shall take steps to ensure, to the maximum extent possible, that children maintain'';

(ii) by striking ''developmental'' and inserting ''developmental and educational''; and

(iii) by striking ''to build'' and inserting ''build'';

(B) by striking paragraph (2);

(C) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively; and

(D) in subparagraph (A) of paragraph (4) (as redesignated in subparagraph (C)), by striking ''the Head Start Transition Project Act (42 U.S.C. 9855 et seq.)'' and inserting ''section 642A''.

SEC. 111. HEAD START TRANSITION.

The Head Start Act (42 U.S.C. 9831 et seq.) is amended by inserting after section 642 the following:

''SEC. 642A. HEAD START TRANSITION.

''Each Head Start agency shall take steps to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, including—

''(1) developing and implementing a systematic procedure for transferring, with parental consent, Head Start program records for each participating child to the school in which such child will enroll;

''(2) establishing channels of communication between Head Start staff and their counterparts in the schools (including teachers, social workers, and health staff) to facilitate coordination of programs;

''(3) conducting meetings involving parents, kindergarten or elementary school teachers, and Head Start program teachers to discuss the developmental and other needs of individual children;

''(4) organizing and participating in joint transition-related training of school staff and Head Start staff;

''(5) developing and implementing a family outreach and support program in cooperation with entities carrying out parental involvement efforts under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

''(6) assisting families, administrators, and teachers in enhancing continuity in child development between Head Start services and elementary school classes.''.

SEC. 112. SUBMISSION OF PLANS TO GOVERNORS.

The first sentence of section 643 (42 U.S.C. 9838) is amended—

(1) by striking ''within 30 days'' and inserting ''within 45 days''; and

(2) by striking ''so disapproved'' and inserting ''disapproved (for reasons other than failure of the program to comply with State health, safety, and child care laws, including regulations, applicable to comparable child care programs within the State)''.

SEC. 113. PARTICIPATION IN HEAD START PROGRAMS.

(a) REGULATIONS.—Section 645(a)(1) (42 U.S.C. 9840(a)(1)) is amended—

(1) in subparagraph (B), by striking ''that programs'' and inserting ''that (i) programs''; and

(2) by striking the period at the end of subparagraph (B) and inserting the following: '', and (ii) a child who has been determined to meet the low-income criteria and who is participating in a Head Start program in a program year shall be considered to continue to meet the low-income criteria through the end of the succeeding program year. In determining, for purposes of this paragraph, whether a child who has applied for enrollment in a Head Start program meets the low-income criteria, an entity may consider evidence of family income during the 12 months preceding the month in which the application is submitted, or during the calendar year preceding the calendar year in which the application is submitted, whichever more accurately reflects the needs of the family at the time of application.''.

(b) SLIDING FEE SCALE.—Section 645(b) (42 U.S.C. 9840(b)) is amended by adding at the end the following: ''A Head Start agency that provides a Head Start program with full-working-day services in collaboration with other agencies or entities may collect a family copayment to support extended day services if a copayment is required in conjunction with the collaborative. The copayment charged to families receiving services through the Head Start program shall not exceed the copayment charged to families with similar incomes and circumstances who are receiving the services through participation in a program carried out by another agency or entity.''.

(c) CONTINUOUS RECRUITMENT AND ACCEPTANCE OF APPLICATIONS.—Section 645(c) (42 U.S.C. 9840(c)) is amended by adding at the end the following: ''Each Head Start program operated in a community shall be permitted to recruit and accept applications for enrollment of children throughout the year.''.

SEC. 114. EARLY HEAD START PROGRAMS FOR FAMILIES WITH INFANTS AND TODDLERS.

Section 645A (42 U.S.C. 9840a) is amended—

*(1) in the section heading, by inserting ''**early head start**'' before ''**programs for**'';*

(2) in subsection (a)—

(A) by striking ''for—'' and all that follows through ''programs providing'' and inserting ''for programs providing'';

(B) by striking ''; and'' and inserting a period; and

(C) by striking paragraph (2);

(3) in subsection (b)(5), by inserting ''(including programs for infants and toddlers with disabilities)'' after ''community'';

(4) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)''; and

(B) in paragraph (2), by striking ''3 (or under'' and all that follows and inserting ''3;'';

(5) in subsection (d)—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2);

(6) by striking subsection (e);

(7) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively;

(8) in subsection (e) (as redesignated in paragraph (7))—

(A) in the subsection heading, by striking ''OTHER''; and

(B) by striking ''From the balance remaining of the portion specified in section 640(a)(6), after making grants to the eligible entities specified in subsection (e),'' and inserting ''From the portion specified in section 640(a)(6),''; and

(9) by striking subsection (h) and inserting the following:

''(g) MONITORING, TRAINING, TECHNICAL ASSISTANCE, AND EVALUATION.—In order to ensure the successful operation of programs assisted under this section, the Secretary shall use funds from the portion specified in section 640(a)(6) to monitor the operation of such programs, evaluate their effectiveness, and provide training and technical assistance tailored to the particular needs of such programs.

''(h) TRAINING AND TECHNICAL ASSISTANCE ACCOUNT.—

''(1) IN GENERAL.—Of the amount made available to carry out this section for any fiscal year, not less than 5 percent and not more than 10 percent shall be reserved to fund a training and technical assistance account.

''(2) ACTIVITIES.—Funds in the account may be used by the Secretary for purposes including—

''(A) making grants to, and entering into contracts with, organizations with specialized expertise relating to infants, toddlers, and families and the capacity needed to provide direction and support to a national training and technical assistance system, in order to provide such direction and support;

''(B) providing ongoing training and technical assistance for regional and program staff charged with monitoring and overseeing the administration of the program carried out under this section;

''(C) providing ongoing training and technical assistance for recipients of grants under subsection (a) and support and program planning and implementation assistance for new recipients of such grants; and

''(D) providing professional development and personnel enhancement activities, including the provision of funds to recipients of grants under subsection (a) for the recruitment and retention of qualified staff with an appropriate level of education and experience.''.

SEC. 115. TECHNICAL ASSISTANCE AND TRAINING.

(a) FULL-WORKING-DAY, FULL CALENDAR YEAR SERVICES.—Section 648(b) (42 U.S.C. 9843(b)) is amended—

(1) in paragraph (1), by striking ''; and'' and inserting a semicolon;

(2) in paragraph (2), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(3) ensure the provision of technical assistance to assist Head Start agencies, entities carrying out other child care and early childhood programs, communities, and States in collaborative efforts to provide quality full-working-day, full calendar year services, including technical assistance related to identifying and assisting in resolving barriers to collaboration.''.

(b) ALLOCATING RESOURCES.—Section 648(c) (42 U.S.C. 9843(c)) is amended—

(1) in paragraph (4)—

(A) by striking ''developing'' and inserting ''developing and implementing''; and

(B) by striking ''a longer day;'' and inserting the following: ''the day, and assist the agencies and programs in expediting the sharing of information about innovative models for providing full-working-day, full calendar year services for children;'';

(2) in paragraph (7), by striking ''; and'' and inserting a semicolon;

(3) in paragraph (8), by striking the period and inserting ''; and''; and

(4) by adding at the end the following:

''(9) assist Head Start agencies in—

''(A) ensuring the school readiness of children; and

''(B) meeting the education performance standards described in this subchapter.''.

(c) SERVICES.—Section 648(e) (42 U.S.C. 9843(e)) is amended by inserting ''(including services to promote the acquisition of the English language)'' after ''non-English language background children''.

SEC. 116. STAFF QUALIFICATIONS AND DEVELOPMENT.

Section 648A(a) (42 U.S.C. 9843a(a)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (B) through (D) as clauses (ii) through (iv), respectively;

(B) by striking ''(A)'' and inserting ''(B)(i)''; and

(C) by inserting before subparagraph (B) (as redesignated in subparagraph (B) of this paragraph) the following:

''(A) demonstrated competency to perform functions that include—

''(i) planning and implementing learning experiences that advance the intellectual and physical development of children, including improving the readiness of children for school by developing their literacy and phonemic, print, and numeracy awareness, their understanding and use of oral language, their understanding and use of increasingly complex and varied vocabulary, their appreciation of books, and their problem solving abilities;

''(ii) establishing and maintaining a safe, healthy learning environment;

''(iii) supporting the social and emotional development of children; and

''(iv) encouraging the involvement of the families of the children in a Head Start program and supporting the development of relationships between children and their families; and''; and

(2) by striking paragraph (2) and inserting the following:

''(2) WAIVER.—On request, the Secretary shall grant a 180-day waiver of the requirements of paragraph (1)(B), for a Head Start agency that can demonstrate that the agency has unsuccessfully attempted to recruit an individual who has a credential, certificate, or degree described in paragraph (1)(B), with respect to an individual who—

''(A) is enrolled in a program that grants any such credential, certificate, or degree; and

''(B) will receive such credential, certificate, or degree under the terms of such program not later than 180 days after beginning employment as a teacher with such agency.''.

SEC. 117. RESEARCH, DEMONSTRATION, AND EVALUATION.

(a) COMPARATIVE STUDIES.—Section 649(d) (42 U.S.C. 9844(d)) is amended—

(1) in paragraph (6), by striking ''; and'' and inserting a semicolon;

(2) in paragraph (7), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(8) study the experiences of small, medium, and large States with Head Start programs in order to permit comparisons of children participating in the programs with eligible children who did not participate in the programs, which study—

''(A) may include the use of a data set that existed prior to the initiation of the study; and

''(B) shall compare the educational achievement, social adaptation, and health status of the participating children and the eligible nonparticipating children.

The Secretary shall ensure that an appropriate entity carries out a study described in paragraph (8), and prepares and submits to the appropriate committees of Congress a report containing the results of the study, not later than September 30, 2002.''.

(b) NATIONAL RESEARCH.—Section 649 (42 U.S.C. 9844) is amended by adding at the end the following:

''(g) NATIONAL HEAD START IMPACT RESEARCH.—

''(1) EXPERT PANEL.—

''(A) IN GENERAL.—The Secretary shall appoint an independent panel consisting of experts in program evaluation and research, education, and early childhood programs—

''(i) to review, and make recommendations on, the design and plan for the research (whether conducted as a single assessment or as a series of assessments), described in paragraph (2), within 1 year after the date of enactment of the Coats Human Services Reauthorization Act of 1998;

''(ii) to maintain and advise the Secretary regarding the progress of the research; and

''(iii) to comment, if the panel so desires, on the interim and final research reports submitted under paragraph (7).

''(B) TRAVEL EXPENSES.—The members of the panel shall not receive compensation for the performance of services for the panel, but 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, while away from their homes or regular places of business in the performance of services for the panel. Notwithstanding section 1342 of title 31, United States Code, the Secretary may accept the voluntary and uncompensated services of members of the panel.

''(2) GENERAL AUTHORITY.—After reviewing the recommendations of the expert panel, the Secretary shall enter into a grant, contract, or cooperative agreement with an organization to conduct independent research that provides a national analysis of the impact of Head Start programs. The Secretary shall ensure that the organization shall have expertise in program evaluation, and research, education, and early childhood programs.

''(3) DESIGNS AND TECHNIQUES.—The Secretary shall ensure that the research uses rigorous methodological designs and techniques (based on the recommendations of the expert panel), including longitudinal designs, control groups, nationally recognized standardized measures, and random selection and assignment, as appropriate. The Secretary may provide that the research shall be conducted as a single comprehensive assessment or as a group of coordinated assessments designed to provide, when taken together, a national analysis of the impact of Head Start programs.

''(4) PROGRAMS.—The Secretary shall ensure that the research focuses primarily on Head Start programs that operate in the 50 States, the Commonwealth of Puerto Rico, or the District of Columbia and that do not specifically target special populations.

''(5) ANALYSIS.—The Secretary shall ensure that the organization conducting the research—

''(A)(i) determines if, overall, the Head Start programs have impacts consistent with their primary goal of increasing the social competence of children, by increasing the everyday effectiveness of the children in dealing with their present environments and future responsibilities, and increasing their school readiness;

''(ii) considers whether the Head Start programs—

''(I) enhance the growth and development of children in cognitive, emotional, and physical health areas;

''(II) strengthen families as the primary nurturers of their children; and

''(III) ensure that children attain school readiness; and

''(iii) examines—

''(I) the impact of the Head Start programs on increasing access of children to such services as educational, health, and nutritional services, and linking children and families to needed community services; and

''(II) how receipt of services described in subclause (I) enriches the lives of children and families participating in Head Start programs;

''(B) examines the impact of Head Start programs on participants on the date the participants leave Head Start programs, at the end of kindergarten (in public or private school), and at the end of first grade (in public or private school), by examining a variety of factors, including educational achievement, referrals for special education or remedial course work, and absenteeism;

''(C) makes use of random selection from the population of all Head Start programs described in paragraph (4) in selecting programs for inclusion in the research; and

''(D) includes comparisons of individuals who participate in Head Start programs with control groups (including comparison groups) composed of—

''(i) individuals who participate in other public or private early childhood programs (such as public or private preschool programs and day care); and

''(ii) individuals who do not participate in any other early childhood program.

''(6) CONSIDERATION OF SOURCES OF VARIATION.—In designing the research, the Secretary shall, to the extent practicable, consider addressing possible sources of variation in impact of Head Start programs, including variations in impact related to such factors as—

''(A) Head Start program operations;

''(B) Head Start program quality;

''(C) the length of time a child attends a Head Start program;

''(D) the age of the child on entering the Head Start program;

''(E) the type of organization (such as a local educational agency or a community action agency) providing services for the Head Start program;

''(F) the number of hours and days of program operation of the Head Start program (such as whether the program is a full-working-day, full calendar year program, a part-day program, or a part-year program); and

''(G) other characteristics and features of the Head Start program (such as geographic location, location in an urban or a rural service area, or participant characteristics), as appropriate.

''(7) REPORTS.—

''(A) SUBMISSION OF INTERIM REPORTS.—The organization shall prepare and submit to the Secretary two interim reports on the research. The first interim report shall describe the design of the research, and the rationale for the design, including a description of how potential sources of variation in impact of Head Start programs have been considered in designing the research. The second interim report shall describe the status of the research and preliminary findings of the research, as appropriate.

''(B) SUBMISSION OF FINAL REPORT.—The organization shall prepare and submit to the Secretary a final report containing the findings of the research.

''(C) TRANSMITTAL OF REPORTS TO CONGRESS.—

''(i) IN GENERAL.—The Secretary shall transmit, to the committees described in clause (ii), the first interim report by September 30, 1999, the second interim report by September 30, 2001, and the final report by September 30, 2003.

''(ii) COMMITTEES.—The committees referred to in clause (i) are the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

''(8) DEFINITION.—In this subsection, the term 'impact', used with respect to a Head Start program, means a difference in an outcome for a participant in the program that would not have occurred without the participation in the program.

''(h) QUALITY IMPROVEMENT STUDY.—

''(1) STUDY.—The Secretary shall conduct a study regarding the use and effects of use of the quality improvement funds made available under section 640(a)(3) of the Head Start Act (42 U.S.C. 9835(a)(3)) since fiscal year 1991.

''(2) REPORT.—The Secretary shall prepare and submit to Congress not later than September 2000 a report containing the results of the study, including—

''(A) the types of activities funded with the quality improvement funds;

''(B) the extent to which the use of the quality improvement funds has accomplished the goals of section 640(a)(3)(B);

''(C) the effect of use of the quality improvement funds on teacher training, salaries, benefits, recruitment, and retention; and

''(D) the effect of use of the quality improvement funds on the cognitive and social development of children receiving services under this subchapter.''.

SEC. 118. REPEAL.

The Head Start Transition Project Act (42 U.S.C. 9855 et seq.) is repealed.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

SEC. 201. REAUTHORIZATION.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended to read as follows:

"Subtitle B—Community Services Block Grant Program

"SEC. 671. SHORT TITLE.

''This subtitle may be cited as the 'Community Services Block Grant Act'.

"SEC. 672. PURPOSES AND GOALS.

''The purposes of this subtitle are—

''(1) to provide financial assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

''(2) to accomplish the goals described in paragraph (1) through—

''(A) the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, and other assistance related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

''(B) the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

''(C) the use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

''(D) the development and implementation of all programs designated to serve low-income communities and groups with the maximum feasible participation of residents of the communities and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that the programs are otherwise meaningful to the intended beneficiaries of the programs; and

''(E) the broadening of the resource base of programs directed to the elimination of poverty.

"SEC. 673. DEFINITIONS.

''In this subtitle:

''(1) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity—

''(A) that is an eligible entity described in section 673(1) (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998) as of the day before such date of enactment or is designated by the process described in section 676A (including an organization serving migrant or seasonal farmworkers that is so described or designated); and

''(B) that has a tripartite board or other mechanism described in subsection (a) or (b), as appropriate, of section 676B.

''(2) POVERTY LINE.—The term 'poverty line' means the official poverty line defined by the Office of Management and Budget based on Bureau of the Census data. The Secretary shall revise annually (or at any shorter interval the Secretary determines to be feasible and desirable) the poverty line, which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

''(3) PRIVATE, NONPROFIT ORGANIZATION.—The term 'private, nonprofit organization' includes a faith-based organization, to which the provisions of section 679 shall apply.

''(4) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

''(5) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the combined Freely Associated States.

"SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated $625,000,000 for fiscal year 1999 and such sums as may be necessary for each of fiscal years 2000 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

''(b) RESERVATIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

''(1) ½ of 1 percent for carrying out section 675A (relating to payments for territories);

''(2) not less than ½ of 1 percent and not more than 1 percent for activities authorized in section 678A (relating to training and technical assistance); and

''(3) 9 percent for carrying out section 680 (relating to discretionary activities).

"SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

''The Secretary is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States.

"SEC. 675A. DISTRIBUTION TO TERRITORIES.

''(a) APPORTIONMENT.—The Secretary shall apportion the amount reserved under section 674(b)(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the

Northern Mariana Islands, and the combined Freely Associated States.

''(b) APPLICATION.—Each jurisdiction to which subsection (a) applies may receive a grant under this subtitle for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application, containing provisions that describe the programs for which assistance is sought under this subtitle, that is prepared in accordance with, and contains the information described in, section 676.

''SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.

''(a) ALLOTMENTS IN GENERAL.—The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State (subject to section 677) an amount that bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such section, except that no State shall receive less than ¼ of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

''(b) ALLOTMENTS IN YEARS WITH GREATER AVAILABLE FUNDS.—

''(1) MINIMUM ALLOTMENTS.—Subject to paragraphs (2) and (3), if the amount appropriated under section 674(a) for a fiscal year that remains after the Secretary makes the reservations required in section 674(b) exceeds $345,000,000, the Secretary shall allot to each State not less than ½ of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

''(2) MAINTENANCE OF FISCAL YEAR 1990 LEVELS.—Paragraph (1) shall not apply with respect to a fiscal year if the amount allotted under subsection (a) to any State for that year is less than the amount allotted under section 674(a)(1) (as in effect on September 30, 1989) to such State for fiscal year 1990.

''(3) MAXIMUM ALLOTMENTS.—The amount allotted under paragraph (1) to a State for a fiscal year shall be reduced, if necessary, so that the aggregate amount allotted to such State under such paragraph and subsection (a) does not exceed 140 percent of the aggregate amount allotted to such State under the corresponding provisions of this subtitle for the preceding fiscal year.

''(c) PAYMENTS.—The Secretary shall make grants to eligible States for the allotments described in subsections (a) and (b). The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

''(d) DEFINITION.—For purposes of this section, the term 'State' does not include Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States.

''SEC. 675C. USES OF FUNDS.

''(a) GRANTS TO ELIGIBLE ENTITIES AND OTHER ORGANIZATIONS.—

''(1) IN GENERAL.—Not less than 90 percent of the funds made available to a State under section 675A or 675B shall be used by the State to make grants for the purposes described in section 672 to eligible entities.

''(2) OBLIGATIONAL AUTHORITY.—Funds distributed to eligible entities through grants made in accordance with paragraph (1) for a fiscal year shall be available for obligation during that fiscal year and the succeeding fiscal year, in accordance with paragraph (3).

''(3) RECAPTURE AND REDISTRIBUTION OF UNOBLIGATED FUNDS.—

''(A) AMOUNT.—Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a grant made under paragraph (1) that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount so distributed to such eligible entity for such fiscal year.

''(B) REDISTRIBUTION.—In redistributing funds recaptured in accordance with this paragraph, States shall redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of this subtitle.

''(b) OTHER ACTIVITIES.—

''(1) USE OF REMAINDER.—If a State uses less than 100 percent of payments from a grant under section 675A, or the State allotment under section 675B, to make grants under subsection (a), the State shall use the remainder of such payments (subject to paragraph (2)) for—

''(A) providing training and technical assistance to those entities in need of such training and assistance;

''(B) coordinating State-operated programs and services targeted to low-income children and families with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

''(C) supporting statewide coordination and communication among eligible entities;

''(D) analyzing the distribution of funds made available under this subtitle within the State to determine if such funds have been targeted to the areas of greatest need;

''(E) supporting asset-building programs for low-income individuals, such as programs supporting individual development accounts;

''(F) supporting innovative programs and activities conducted by community action agencies or other neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization; and

''(G) supporting other activities, consistent with the purposes of this subtitle.

''(2) ADMINISTRATIVE CAP.—No State may spend more than the greater of $55,000, or 5 percent, of the State allotment for administrative expenses, including monitoring activities. The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses.

''SEC. 676. APPLICATION AND PLAN.

''(a) DESIGNATION OF LEAD AGENCY.—

''(1) DESIGNATION.—The chief executive officer of a State desiring to receive an allotment under this subtitle shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency that complies with the requirements of paragraph (2) to act as a lead agency for purposes of carrying out State activities under this subtitle.

''(2) DUTIES.—The lead agency designated in accordance with paragraph (1) shall—

''(A) develop the State plan to be submitted to the Secretary under subsection (b);

''(B) in conjunction with the development of the State plan as required under subsection (b), hold at least one hearing in the State with sufficient time, and statewide distribution of notice of such hearing, to provide to the public an opportunity to comment on the proposed use and distribution of funds to be provided through the allotment for the period covered by the State plan; and

''(C) conduct reviews of eligible entities under section 678B.

''(3) LEGISLATIVE HEARING.—In order to be eligible to receive an allotment under this subtitle, the State shall hold at least one legislative hearing every 3 years in conjunction with the development of the State plan.

''(b) STATE APPLICATION AND PLAN.—Beginning with fiscal year 2000, to be eligible to receive an allotment under this subtitle, a State shall prepare and submit to the Secretary an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including—

''(1) an assurance that funds made available through the allotment will be used to support activities that are designed to assist low-income families and individuals, including homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

''(A) to remove obstacles and solve problems that block the achievement of self-sufficiency;

''(B) to secure and retain meaningful employment;

''(C) to attain an adequate education;

''(D) to make better use of available income;

''(E) to obtain and maintain adequate housing and a suitable living environment;

''(F) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent individual and family needs;

''(G) to achieve greater participation in the affairs of the community involved; and

''(H) to make more effective use of other programs related to the purposes of this subtitle (including State welfare reform efforts);

''(2) a description of how the State intends to use discretionary funds made available from the remainder of the allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

''(3) based on information provided by eligible entities in the State, a description of—

''(A) the service delivery system, for services provided or coordinated with funds made available through the allotment, targeted to low-income individuals and families in communities within the State;

''(B) how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and followup consultations;

''(C) how funds made available through the allotment will be coordinated with other public and private resources; and

''(D) how the funds will be used to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

''(4) an assurance that the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals;

''(5) an assurance that the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals;

''(6) an assurance that the State will ensure coordination between antipoverty programs in each community, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community;

''(7) an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D;

''(8) an assurance that any eligible entity that received funding in the previous fiscal year under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b);

''(9) an assurance that the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including faith-based organizations, charitable groups, and community organizations;

''(10) an assurance that the State will require each eligible entity to establish procedures under which a low-income individual, community organization, or faith-based organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation;

''(11) an assurance that the State will secure from each eligible entity, as a condition to receipt of funding by the entity under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs;

''(12) an assurance that the State and all eligible entities in the State will, not later than fiscal year 2002, participate in the Results Oriented Management and Accountability System, any other performance measure system established by the Secretary under section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

''(13) information describing how the State will carry out the assurances described in this subsection.

''(c) DETERMINATIONS.—For purposes of making a determination in accordance with subsection (b)(8) with respect to—

''(1) a funding reduction, the term 'cause' includes—

''(A) a statewide redistribution of funds provided under this subtitle to respond to—

''(i) the results of the most recently available census or other appropriate data;

''(ii) the designation of a new eligible entity; or

''(iii) severe economic dislocation; or

''(B) the failure of an eligible entity to comply with the terms of an agreement to provide services under this subtitle; and

''(2) a termination, the term 'cause' includes the material failure of an eligible entity to comply with the terms of such an agreement and the State plan to provide services under this subtitle or the consistent failure of the entity to achieve performance measures as determined by the State.

''(d) PROCEDURES.—The Secretary may prescribe procedures relating to the implementation of this section only for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle.

''(e) REVISIONS AND INSPECTION.—

''(1) REVISIONS.—The chief executive officer of each State may revise any plan prepared under this section and shall submit the revised plan to the Secretary.

''(2) PUBLIC INSPECTION.—Each plan or revised plan prepared under this section shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

''(f) FISCAL YEAR 1999.—For fiscal year 2000, to be eligible to receive an allotment under this subtitle, a State shall prepare and submit to the Secretary an application and State plan in accordance with the provisions of this subtitle (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998), rather than the provisions of subsections (a) through (c) relating to applications and plans.

''SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGIBLE ENTITIES IN UNSERVED AREAS.

''(a) QUALIFIED ORGANIZATION IN OR NEAR AREA.—

''(1) IN GENERAL.—If any geographic area of a State is not, or ceases to be, served by an eligible entity under this subtitle, and if the chief executive officer of the State decides to serve such area, the chief executive officer may solicit applications from, and designate as an eligible entity, one or more—

''(A) private nonprofit organizations geographically located in the unserved area that meet the requirements of this subtitle; or

''(B) private nonprofit organizations (which may include eligible entities) located in an area contiguous to or within reasonable proximity of the unserved area that are already providing related services in the unserved area.

''(2) REQUIREMENT.—In order to serve as the eligible entity for the area, an entity described in paragraph (1)(B) shall agree to add additional members to the board of the entity to ensure adequate representation—

''(A) in each of the three required categories described in subparagraphs (A), (B), and (C) of section 676B(a)(2), by members that reside in the community comprised by the unserved area; and

''(B) in the category described in section 676B(a)(2)(B), by members that reside in the neighborhood served.

''(b) SPECIAL CONSIDERATION.—In designating an eligible entity under subsection (a), the chief executive officer shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of this subtitle and may give priority, in granting the designation, to local entities that are providing services in the unserved area, consistent with the needs identified by a community-needs assessment.

''(c) NO QUALIFIED ORGANIZATION IN OR NEAR AREA.—If no private, nonprofit organization is identified or determined to be qualified under subsection (a) to serve the unserved area as an eligible entity the chief executive officer may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required in section 676B(b).

''SEC. 676B. TRIPARTITE BOARDS.

''(a) PRIVATE NONPROFIT ENTITIES.—

''(1) BOARD.—In order for a private, nonprofit entity to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through a tripartite board described in paragraph (2) that fully participates in the development, planning, and implementation of the program to serve low-income communities.

''(2) SELECTION AND COMPOSITION OF BOARD.—The members of the board referred to in paragraph (1) shall be selected by the entity and the board shall be composed so as to assure that—

''(A) ⅓ of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of elected officials reasonably available and willing to serve on the board is less than ⅓ of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such ⅓ requirement;

''(B) not fewer than ⅓ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served;

''(C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served; and

''(D)(i) each member resides in the community; and

''(ii) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under this paragraph resides in the neighborhood represented by the member.

''(b) PUBLIC ORGANIZATIONS.—In order for a public organization to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through—

''(1) a tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than ⅓ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

''(A) are representative of low-income individuals and families in the neighborhood served;

''(B) reside in the neighborhood served; and

''(C) are able to participate actively in the development, planning, and implementation of programs funded under this subtitle; or

''(2) another mechanism specified by the State to assure decisionmaking and participation by low-income individuals in the development, planning, and implementation of programs funded under this subtitle.

''SEC. 677. PAYMENTS TO INDIAN TRIBES.

''(a) RESERVATION.—If, with respect to any State, the Secretary—

''(1) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

''(2) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle,

the Secretary shall reserve from amounts that would otherwise be allotted to such State under section 675B for the fiscal year the amount determined under subsection (b).

''(b) DETERMINATION OF RESERVED AMOUNT.—The Secretary shall reserve for the purpose of subsection (a) from amounts that would otherwise be allotted to such State, not less than 100 percent of an amount that bears the same ratio to the State allotment for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under subsection (a) bears to the population of all individuals eligible for assistance under this subtitle in such State.

''(c) AWARDS.—The sums reserved by the Secretary on the basis of a determination made under subsection (a) shall be made available by grant to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

''(d) PLAN.—In order for an Indian tribe or tribal organization to be eligible for a grant award for a fiscal year under this section, the tribe or organization shall submit to the Secretary a plan for such fiscal year that meets such criteria as the Secretary may prescribe by regulation.

''(e) DEFINITIONS.—In this section:

''(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms 'Indian tribe' and 'tribal organization' mean a tribe, band, or other organized group recognized in the State in which the tribe, band, or group resides, or considered by the Secretary of the Interior, to be an Indian tribe or an Indian organization for any purpose.

''(2) INDIAN.—The term 'Indian' means a member of an Indian tribe or of a tribal organization.

''SEC. 678. OFFICE OF COMMUNITY SERVICES.

''(a) OFFICE.—The Secretary shall carry out the functions of this subtitle through an Office of Community Services, which shall be established in the Department of Health and Human Services. The Office shall be headed by a Director.

''(b) GRANTS, CONTRACTS, COOPERATIVE AGREEMENTS.—The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

"SEC. 678A. TRAINING AND TECHNICAL ASSISTANCE.

''(a) ACTIVITIES.—The Secretary shall use the amounts reserved in section 674(b)(2) for training, technical assistance, planning, evaluation, and data collection activities related to programs carried out under this subtitle.

''(b) PROCESS.—The process for determining the training and technical assistance to be carried out under this section shall—

''(1) ensure that the needs of eligible entities and programs relating to improving program quality, including financial management practices, are addressed to the maximum extent feasible; and

''(2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the national and State networks of eligible entities.

"SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.

''(a) IN GENERAL.—In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

''(1) A full onsite review of each such entity at least once during each 3-year period.

''(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

''(3) Followup reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State.

''(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (other than assistance provided under this subtitle) terminated for cause.

''(b) REQUESTS.—The State may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

"SEC. 678C. CORRECTIVE ACTION; TERMINATION AND REDUCTION OF FUNDING.

''(a) DETERMINATION.—If the State determines, on the basis of a review pursuant to subsection 678B, that an eligible entity has had a failure described in section 676(c), the State shall—

''(1) inform the entity of the deficiency to be corrected;

''(2) require the entity to correct the deficiency;

''(3)(A) offer training and technical assistance, if appropriate, to help correct the deficiency, and prepare and submit to the Secretary a report describing the training and technical assistance offered; or

''(B) if the State determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination;

''(4)(A) at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and

''(B) not later than 30 days after receiving from an eligible entity a proposed quality improvement plan pursuant to subparagraph (A), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved; and

''(5) after providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.

''(b) REVIEW.—A determination to terminate the designation or reduce the funding of an eligible entity is reviewable by the Secretary. The Secretary shall, upon request, review such a determination. The review shall be completed not later than 60 days after the determination to terminate the designation or reduce the funding. If the review is not completed within 60 days, the determination of the State shall become final at the end of the 60th day.

"SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLDING.

''(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND INSPECTIONS.—

''(1) IN GENERAL.—A State that receives funds under this subtitle shall—

''(A) establish fiscal control and fund accounting procedures necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the funds provided under this subtitle;

''(B) ensure that cost and accounting standards of the Office of Management and Budget apply to a recipient of funds under this subtitle;

''(C) prepare, at least every year (or in the case of a State with a 2-year State plan, every 2 years) in accordance with paragraph (2) an audit of the expenditures of the State of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

''(D) make appropriate books, documents, papers, and records available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request for the items.

''(2) AUDITS.—Each audit required by subsection (a)(1)(C) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each such audit in a State, the chief executive officer of the State shall submit a copy of such audit to any eligible entity that was the subject of the audit at no charge, to the legislature of the State, and to the Secretary.

''(3) REPAYMENTS.—The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

''(b) WITHHOLDING.—

''(1) IN GENERAL.—The Secretary shall, after providing adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State that does not utilize the State allotment in accordance with the provisions of this subtitle, including the assurances such State provided under section 676.

''(2) RESPONSE TO COMPLAINTS.—The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle, including the assurances provided by the State under section 676. For purposes of this paragraph, a complaint of a failure to meet any one of the assurances provided under section 676 that constitutes disregarding that assurance shall be considered to be a complaint of a serious nature.

''(3) INVESTIGATIONS.—Whenever the Secretary determines that there is a pattern of complaints of failures described in paragraph (2) from any State in any fiscal year, the Secretary shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

"SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.

''(a) STATE ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

''(1) PERFORMANCE MEASUREMENT.—

''(A) IN GENERAL.—By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system established by the Secretary pursuant to subsection (b), or an alternative system that the Secretary is satisfied meets the requirements of subsection (b).

''(B) LOCAL AGENCIES.—The State may elect to have local agencies that are subcontractors of the eligible entities under this subtitle participate in the performance measurement system. If the State makes that election, references in this section to eligible entities shall be considered to include the local agencies.

''(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Prior to the participation of the State in the performance measurement system, the State shall include in the report any information collected by the State relating to such performance. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.

''(b) SECRETARY'S ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

''(1) PERFORMANCE MEASUREMENT.—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall establish one or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

''(2) REPORTING REQUIREMENTS.—At the end of each fiscal year beginning after September 30, 1999, the Secretary shall, directly or by grant or contract, prepare a report containing each of the following elements:

''(A) A summary of the planned use of funds by each State, and the eligible entities in the State, under the community services block grant program, as contained in each State plan submitted pursuant to section 676.

''(B) A description of how funds were actually spent by the State and eligible entities in the State, including a breakdown of funds spent on administrative costs and on the direct delivery of local services by eligible entities.

''(C) Information on the number of entities eligible for funds under this subtitle, the number of low-income persons served under this subtitle, and such demographic data on the low-income populations served by eligible entities as is determined by the Secretary to be feasible.

''(D) A comparison of the planned uses of funds for each State and the actual uses of the funds.

''(E) A summary of each State's performance results, and the results for the eligible entities, as collected and submitted by the States in accordance with subsection (a)(2).

''(F) Any additional information that the Secretary considers to be appropriate to carry out this subtitle, if the Secretary informs the States

of the need for such additional information and allows a reasonable period of time for the States to collect and provide the information.

''(3) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate the report described in paragraph (2), and any comments the Secretary may have with respect to such report. The report shall include definitions of direct, indirect, and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

''(4) COSTS.—Of the funds reserved under section 674(b)(3), not more than $350,000 shall be available to carry out the reporting requirements contained in paragraph (2) and the provision of technical assistance described in paragraph (1).

"SEC. 678F. LIMITATIONS ON USE OF FUNDS.

''(a) CONSTRUCTION OF FACILITIES.—

''(1) LIMITATIONS.—Except as provided in paragraph (2), grants made under this subtitle (other than amounts reserved under section 674(b)(3)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

''(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

''(b) POLITICAL ACTIVITIES.—

''(1) TREATMENT AS A STATE OR LOCAL AGENCY.—For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under this subtitle and receives assistance under this subtitle shall be deemed to be a State or local agency. For purposes of paragraphs (1) and (2) of section 1502(a) of such title, any entity receiving assistance under this subtitle shall be deemed to be a State or local agency.

''(2) PROHIBITIONS.—Programs assisted under this subtitle shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with—

''(A) any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office;

''(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

''(C) any voter registration activity.

''(3) RULES AND REGULATIONS.—The Secretary, after consultation with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this subsection, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

''(c) NONDISCRIMINATION.—

''(1) IN GENERAL.—No person shall, on the basis of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

''(2) ACTION OF SECRETARY.—Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with paragraph (1) or an applicable regulation, the Secretary shall notify the chief executive officer of the State and shall request that the officer secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to—

''(A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

''(B) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131), as may be applicable; or

''(C) take such other action as may be provided by law.

''(3) ACTION OF ATTORNEY GENERAL.—When a matter is referred to the Attorney General pursuant to paragraph (2), or whenever the Attorney General has reason to believe that the State is engaged in a pattern or practice of discrimination in violation of the provisions of this subsection, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

"SEC. 679. OPERATIONAL RULE.

''(a) FAITH-BASED ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS.—For any program carried out by the Federal Government, or by a State or local government under this subtitle, the government shall consider, on the same basis as other nongovernmental organizations, faith-based organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution. Neither the Federal Government nor a State or local government receiving funds under this subtitle shall discriminate against an organization that provides assistance under, or applies to provide assistance under, this subtitle, on the basis that the organization has a faith-based character.

''(c) FAITH-BASED CHARACTER AND INDEPENDENCE.—

''(1) IN GENERAL.—A faith-based organization that provides assistance under a program described in subsection (a) shall retain its faith-based character and control over the definition, development, practice, and expression of its faith-based beliefs.

''(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State or local government shall require a faith-based organization—

''(A) to alter its form of internal governance, except (for purposes of administration of the community services block grant program) as provided in section 676B; or

''(B) to remove religious art, icons, scripture, or other symbols;

in order to be eligible to provide assistance under a program described in subsection (a).

''(3) TENETS AND TEACHINGS.—A faith-based organization that provides assistance under a program described in subsection (a) may require that employees adhere to the religious tenets and teachings of such organization, and such organization may require that employees adhere to rules forbidding the use of drugs or alcohol.

''(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided through a grant or contract to a faith-based organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

''(d) FISCAL ACCOUNTABILITY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any faith-based organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

''(2) LIMITED AUDIT.—Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

''(e) TREATMENT OF ELIGIBLE ENTITIES AND OTHER INTERMEDIATE ORGANIZATIONS.—If an eligible entity or other organization (referred to in this subsection as an 'intermediate organization'), acting under a contract, or grant or other agreement, with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (a), the intermediate organization shall have the same duties under this section as the government.

"SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

''(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS, AND GUARANTEES.—

''(1) IN GENERAL.—The Secretary shall, from funds reserved under section 674(b)(3), make grants, loans, or guarantees to States and public agencies and private, nonprofit organizations, or enter into contracts or jointly financed cooperative arrangements with States and public agencies and private, nonprofit organizations (and for-profit organizations, to the extent specified in paragraph (2)(E)) for each of the objectives described in paragraphs (2) through (4).

''(2) COMMUNITY ECONOMIC DEVELOPMENT.—

''(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a competitive basis to private, nonprofit organizations that are community development corporations to enable the corporations to provide technical and financial assistance for economic development activities designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities.

''(B) CONSULTATION.—The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

''(C) GOVERNING BOARDS.—For a community development corporation to receive funds to carry out this paragraph, the corporation shall be governed by a board that shall consist of residents of the community and business and civic leaders and shall have as a principal purpose planning, developing, or managing low-income housing or community development projects.

''(D) GEOGRAPHIC DISTRIBUTION.—In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

''(E) RESERVATION.—Of the amounts made available to carry out this paragraph, the Secretary may reserve not more than 1 percent for each fiscal year to make grants to private, nonprofit organizations, or to enter into contracts with private, nonprofit or for-profit organizations, to enable the organizations involved to provide technical assistance to aid community development corporations in developing or implementing activities funded to carry out this paragraph and to evaluate activities funded to carry out this paragraph.

''(3) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—The Secretary shall provide the assistance described in paragraph (1) for rural community development activities, which shall include providing—

''(A) grants to private, nonprofit corporations to enable the corporations to provide assistance concerning home repair to rural low-income families and concerning planning and developing low-income rural rental housing units; and

''(B) grants to multistate, regional, private, nonprofit organizations to enable the organizations to provide training and technical assistance to small, rural communities concerning meeting their community facility needs.

''(4) NEIGHBORHOOD INNOVATION PROJECTS.—The Secretary shall provide the assistance described in paragraph (1) for neighborhood innovation projects, which shall include providing grants to neighborhood-based private, nonprofit organizations to test or assist in the development of new approaches or methods that will aid in overcoming special problems identified by communities or neighborhoods or otherwise assist in furthering the purposes of this subtitle, and which may include providing assistance for projects that are designed to serve low-income individuals and families who are not being effectively served by other programs.

''(b) EVALUATION.—The Secretary shall require all activities receiving assistance under this section to be evaluated for their effectiveness. Funding for such evaluations shall be provided as a stated percentage of the assistance or through a separate grant awarded by the Secretary specifically for the purpose of evaluation of a particular activity or group of activities.

''(c) ANNUAL REPORT.—The Secretary shall compile an annual report containing a summary of the evaluations required in subsection (b) and a listing of all activities assisted under this section. The Secretary shall annually submit the report to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate.

''SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

''(a) GRANTS.—The Secretary may, through grants to public and private, nonprofit agencies, provide for community-based, local, statewide, and national programs—

''(1) to coordinate private and public food assistance resources, wherever the grant recipient involved determines such coordination to be inadequate, to better serve low-income populations;

''(2) to assist low-income communities to identify potential sponsors of child nutrition programs and to initiate such programs in underserved or unserved areas; and

''(3) to develop innovative approaches at the State and local level to meet the nutrition needs of low-income individuals.

''(b) ALLOTMENTS AND DISTRIBUTION OF FUNDS.—

''(1) NOT TO EXCEED $6,000,000 IN APPROPRIATIONS.—Of the amount appropriated for a fiscal year to carry out this section (but not to exceed $6,000,000), the Secretary shall distribute funds for grants under subsection (a) as follows:

''(A) ALLOTMENTS.—From a portion equal to 60 percent of such amount (but not to exceed $3,600,000), the Secretary shall allot for grants to eligible agencies for statewide programs in each State the amount that bears the same ratio to such portion as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

''(B) COMPETITIVE GRANTS.—From a portion equal to 40 percent of such amount (but not to exceed $2,400,000), the Secretary shall make grants on a competitive basis to eligible agencies for local and statewide programs.

''(2) GREATER AVAILABLE APPROPRIATIONS.—Any amounts appropriated for a fiscal year to carry out this section in excess of $6,000,000 shall be allotted as follows:

''(A) ALLOTMENTS.—The Secretary shall use 40 percent of such excess to make allotments for grants under subsection (a) to eligible agencies for statewide programs in each State in an amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

''(B) COMPETITIVE GRANTS FOR LOCAL AND STATEWIDE PROGRAMS.—The Secretary shall use 40 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for local and statewide programs.

''(C) COMPETITIVE GRANTS FOR NATIONWIDE PROGRAMS.—The Secretary shall use the remaining 20 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for nationwide programs, including programs benefiting Indians as defined in section 677 and migrant or seasonal farmworkers.

''(3) ELIGIBILITY FOR ALLOTMENTS FOR STATEWIDE PROGRAMS.—To be eligible to receive an allotment under paragraph (1)(A) or (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within the State.

''(4) MINIMUM ALLOTMENTS FOR STATEWIDE PROGRAMS.—

''(A) IN GENERAL.—From the amounts allotted under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall be—

''(i) $15,000 if the total amount appropriated to carry out this section is not less than $7,000,000 but less than $10,000,000;

''(ii) $20,000 if the total amount appropriated to carry out this section is not less than $10,000,000 but less than $15,000,000; or

''(iii) $30,000 if the total amount appropriated to carry out this section is not less than $15,000,000.

''(B) DEFINITION.—In this paragraph, the term 'State' does not include Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Freely Associated States.

''(5) MAXIMUM GRANTS.—From funds made available under paragraphs (1)(B) and (2)(B) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $50,000. From funds made available under paragraph (2)(C) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $300,000.

''(c) REPORT.—For each fiscal year, the Secretary shall prepare and submit, to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the grants made under this section. Such report shall include—

''(1) a list of grant recipients;

''(2) information on the amount of funding awarded to each grant recipient; and

''(3) a summary of the activities performed by the grant recipients with funding awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1999, and such sums as may be necessary for each of fiscal years 2000 through 2003.

''SEC. 682. NATIONAL OR REGIONAL PROGRAMS DESIGNED TO PROVIDE INSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH.

''(a) GENERAL AUTHORITY.—The Secretary is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-income youth. In making such a grant, the Secretary shall give priority to eligible service providers that have a demonstrated ability to operate such a program.

''(b) PROGRAM REQUIREMENTS.—Any instructional activity carried out by an eligible service provider receiving a grant under this section shall be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) and shall include—

''(1) access to the facilities and resources of such an institution;

''(2) an initial medical examination and follow-up referral or treatment, without charge, for youth during their participation in such activity;

''(3) at least one nutritious meal daily, without charge, for participating youth during each day of participation;

''(4) high quality instruction in a variety of sports (that shall include swimming and that may include dance and any other high quality recreational activity) provided by coaches and teachers from institutions of higher education and from elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)); and

''(5) enrichment instruction and information on matters relating to the well-being of youth, to include educational opportunities and information on study practices, education for the prevention of drug and alcohol abuse, and information on health and nutrition, career opportunities, and family and job responsibilities.

''(c) ADVISORY COMMITTEE; PARTNERSHIPS.—The eligible service provider shall, in each community in which a program is funded under this section—

''(1) ensure that—

''(A) a community-based advisory committee is established, with representatives from local youth, family, and social service organizations, schools, entities providing park and recreation services, and other community-based organizations serving high-risk youth; or

''(B) an existing community-based advisory board, commission, or committee with similar membership is utilized to serve as the committee described in subparagraph (A); and

''(2) enter into formal partnerships with youth-serving organizations or other appropriate social service entities in order to link program participants with year-round services in their home communities that support and continue the objectives of this subtitle.

''(d) ELIGIBLE PROVIDERS.—A service provider that is a national private, nonprofit organization, a coalition of such organizations, or a private, nonprofit organization applying jointly with a business concern shall be eligible to apply for a grant under this section if—

''(1) the applicant has demonstrated experience in operating a program providing instruction to low-income youth;

''(2) the applicant agrees to contribute an amount (in cash or in kind, fairly evaluated) of not less than 25 percent of the amount requested, for the program funded through the grant;

''(3) the applicant agrees to use no funds from a grant authorized under this section for administrative expenses; and

''(4) the applicant agrees to comply with the regulations or program guidelines promulgated by the Secretary for use of funds made available through the grant.

''(e) APPLICATIONS PROCESS.—To be eligible to receive a grant under this section, a service provider shall submit to the Secretary, for approval, an application at such time, in such manner, and containing such information as the Secretary may require.

''(f) PROMULGATION OF REGULATIONS OR PROGRAM GUIDELINES.—The Secretary shall promulgate regulations or program guidelines to ensure funds made available through a grant made

under this section are used in accordance with the objectives of this subtitle.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $15,000,000 for each of fiscal years 1999 through 2003 for grants to carry out this section.

''SEC. 683. REFERENCES.

''Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673. Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to an entity eligible to receive funds under the community services block grant program.''.

SEC. 202. CONFORMING AMENDMENTS.

(a) OLDER AMERICANS ACT OF 1965.—Section 306(a)(6)(E)(ii) of the Older Americans Act of 1965 (42 U.S.C. 3026(a)(6)(E)(ii)) is amended by striking ''section 675(c)(3) of the Community Services Block Grant Act (42 U.S.C. 9904(c)(3))'' and inserting ''section 676B of the Community Services Block Grant Act''.

(b) ANTI-DRUG ABUSE ACT OF 1988.—Section 3521(c)(2) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11841(c)(2)) is amended by striking '', such as activities authorized by section 681(a)(2)(F) of the Community Services Block Grant Act (42 U.S.C. section 9910(a)(2)(F)),''.

SEC. 203. REPEALERS.

(a) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—The Community Economic Development Act of 1981 (42 U.S.C. 9801 et seq.) is repealed.

(b) HUMAN SERVICES REAUTHORIZATION ACT OF 1986.—Sections 407 and 408 of the Human Services Reauthorization Act of 1986 (42 U.S.C 9812a and 9910b) are repealed.

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE

SEC. 301. AUTHORIZATION.

(a) IN GENERAL.—Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(b)) is amended—

(1) by striking ''are authorized'' and inserting ''is authorized''; and

(2) by striking ''fiscal years 1995 through 1999'' and inserting ''fiscal years 1999 through 2004''.

(b) PROGRAM YEAR.—Section 2602(c) of such Act (42 U.S.C. 8621(c)) is amended to read as follows:

''(c) Amounts appropriated under this section for any fiscal year for programs and activities under this title shall be made available for obligation in the succeeding fiscal year.''.

(c) INCENTIVE PROGRAM FOR LEVERAGING NON-FEDERAL RESOURCES.—Section 2602(d) of such Act (42 U.S.C. 8621(d)) is amended—

(1) by striking ''(d)'' and inserting ''(d)(1)'';

(2) by striking ''are authorized'' and inserting ''is authorized'';

(3) by striking ''$50,000,000'' and all that follows and inserting the following: ''$30,000,000 for each of fiscal years 1999 through 2004, except as provided in paragraph (2).''; and

(4) by adding at the end the following:

''(2) For any of fiscal years 1999 through 2004 for which the amount appropriated under subsection (b) is not less than $1,400,000,000, there is authorized to be appropriated $50,000,000 to carry out section 2607A.''.

(d) TECHNICAL AMENDMENTS.—Section 2602(e) of such Act (42 U.S.C. 8621(e)) is amended—

(1) by striking ''are authorized'' and inserting ''is authorized''; and

(2) by striking ''subsection (g)'' and inserting ''subsection (e) of such section''.

SEC. 302. DEFINITIONS.

Section 2603(4) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8622(4)) is amended—

(1) by striking ''the term'' and inserting ''The term''; and

(2) by striking the semicolon and inserting a period.

SEC. 303. NATURAL DISASTERS AND OTHER EMERGENCIES.

Section 2603 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8622) is amended—

(1) by redesignating paragraphs (6) through (9) as paragraphs (8) through (11), respectively;

(2) by inserting before paragraph (8) (as redesignated in paragraph (1)) the following:

''(7) NATURAL DISASTER.—The term 'natural disaster' means a weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.'';

(3) by redesignating paragraphs (1) through (5) as paragraphs (2) through (6), respectively; and

(4) by inserting before paragraph (2) (as redesignated in paragraph (3)) the following:

''(1) EMERGENCY.—The term 'emergency' means—

''(A) a natural disaster;

''(B) a significant home energy supply shortage or disruption;

''(C) a significant increase in the cost of home energy, as determined by the Secretary;

''(D) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;

''(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or the State temporary assistance for needy families program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate Federal agency;

''(F) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

''(G) an event meeting such criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.''.

SEC. 304. STATE ALLOTMENTS.

Section 2604 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623) is amended—

(1) in subsection (b)(1), by striking ''the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.'' and inserting ''the Commonwealth of the Northern Mariana Islands, and the combined Freely Associated States.'';

(2) in subsection (c)(3)(B)(ii), by striking ''application'' and inserting ''applications'';

(3) by striking subsection (f);

(4) in subsection (g)—

(A) in the first sentence, by striking ''(a) through (f)'' and inserting ''(a) through (d)''; and

(B) by striking the last two sentences and inserting the following: ''In determining whether to make such an allotment to a State, the Secretary shall take into account the extent to which the State was affected by the natural disaster or other emergency involved, the availability to the State of other resources under the program carried out under this title or any other program, whether a Member of Congress has requested that the State receive the allotment, and such other factors as the Secretary may find to be relevant. Not later than 30 days after making the determination, but prior to releasing an allotted amount to a State, the Secretary shall notify Congress of the allotments made pursuant to this subsection.''; and

(5) by redesignating subsection (g) as subsection (e).

SEC. 305. ADMINISTRATION.

Section 2605 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624) is amended—

(1) in subsection (b)—

(A) in paragraph (9)(A), by striking ''and not transferred pursuant to section 2604(f) for use under another block grant'';

(B) in paragraph (14), by striking ''; and'' and inserting a semicolon;

(C) in the matter following paragraph (14), by striking ''The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.''; and

(D) in the matter following paragraph (16), by inserting before ''The Secretary shall issue'' the following: ''The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.''; and

(2) in subsection (c)(1)—

(A) in subparagraph (B), by striking ''States'' and inserting ''State''; and

(B) in subparagraph (G)(i), by striking ''has'' and inserting ''had''.

SEC. 306. PAYMENTS TO STATES.

Section 2607(b)(2)(B) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8626(b)(2)(B)) is amended—

(1) in the first sentence, by striking ''and not transferred pursuant to section 2604(f)''; and

(2) in the second sentence, by striking ''but not transferred by the State''.

SEC. 307. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION.

(a) EVALUATION.—The Comptroller General of the United States shall conduct an evaluation of the Residential Energy Assistance Challenge program described in section 2607B of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8626b).

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall prepare and submit to Congress a report containing—

(1) the findings resulting from the evaluation described in subsection (a); and

(2) the State evaluations described in paragraphs (1) and (2) of subsection (b) of such section 2607B.

(c) INCENTIVE GRANTS.—Section 2607B(b)(1) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8626b(b)(1)) is amended by striking ''For each of the fiscal years 1996 through 1999'' and inserting ''For each fiscal year''.

(d) TECHNICAL AMENDMENTS.—Section 2607B of such Act (42 U.S.C. 8626b) is amended—

(1) in subsection (e)(2)—

(A) by redesignating subparagraphs (F) through (N) as subparagraphs (E) through (M), respectively; and

(B) in clause (i) of subparagraph (I) (as redesignated in subparagraph (A)), by striking ''on'' and inserting ''of''; and

(2) by redesignating subsection (g) as subsection (f).

SEC. 308. TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE REVIEWS.

(a) IN GENERAL.—Section 2609A(a) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8628a(a)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''$250,000'' and inserting ''$300,000''; and

(B) by striking ''Secretary—'' and inserting ''Secretary to conduct onsite compliance reviews of programs supported under this title or—''; and

(2) in paragraph (2)—

(A) by inserting ''or interagency agreements'' after ''cooperative arrangements''; and

(B) by inserting ''(including Federal agencies)'' after ''public agencies''.

(b) CONFORMING AMENDMENT.—The section heading of section 2609A of such Act (42 U.S.C. 8628a) is amended to read as follows:

''TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE REVIEWS''.

TITLE IV—ASSETS FOR INDEPENDENCE

SEC. 401. SHORT TITLE.

This title may be cited as the ''Assets for Independence Act''.

SEC. 402. FINDINGS.

Congress makes the following findings:

(1) Economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets because assets can improve economic independence and stability, connect individuals with a viable and hopeful future, stimulate development of human and other capital, and enhance the welfare of offspring.

(2) Fully ½ of all Americans have either no, negligible, or negative assets available for investment, just as the price of entry to the economic mainstream, the cost of a house, an adequate education, and starting a business, is increasing. Further, the household savings rate of the United States lags far behind other industrial nations, presenting a barrier to economic growth.

(3) In the current tight fiscal environment, the United States should invest existing resources in high-yield initiatives. There is reason to believe that the financial returns, including increased income, tax revenue, and decreased welfare cash assistance, resulting from individual development accounts will far exceed the cost of investment in those accounts.

(4) Traditional public assistance programs concentrating on income and consumption have rarely been successful in promoting and supporting the transition to increased economic self-sufficiency. Income-based domestic policy should be complemented with asset-based policy because, while income-based policies ensure that consumption needs (including food, child care, rent, clothing, and health care) are met, asset-based policies provide the means to achieve greater independence and economic well-being.

SEC. 403. PURPOSES.

The purposes of this title are to provide for the establishment of demonstration projects designed to determine—

(1) the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income;

(2) the extent to which an asset-based policy that promotes saving for postsecondary education, homeownership, and microenterprise development may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and

(3) the extent to which an asset-based policy stabilizes and improves families and the community in which they live.

SEC. 404. DEFINITIONS.

In this title:

(1) APPLICABLE PERIOD.—The term ''applicable period'' means, with respect to amounts to be paid from a grant made for a project year, the calendar year immediately preceding the calendar year in which the grant is made.

(2) ELIGIBLE INDIVIDUAL.—The term ''eligible individual'' means an individual who is selected to participate by a qualified entity under section 409.

(3) EMERGENCY WITHDRAWAL.—The term ''emergency withdrawal'' means a withdrawal by an eligible individual that—

(A) is a withdrawal of only those funds, or a portion of those funds, deposited by the individual in the individual development account of the individual;

(B) is permitted by a qualified entity on a case-by-case basis; and

(C) is made for—

(i) expenses for medical care or necessary to obtain medical care, for the individual or a spouse or dependent of the individual described in paragraph (8)(D);

(ii) payments necessary to prevent the eviction of the individual from the residence of the individual, or foreclosure on the mortgage for the principal residence of the individual, as defined in paragraph (8)(B); or

(iii) payments necessary to enable the individual to meet necessary living expenses following loss of employment.

(4) HOUSEHOLD.—The term ''household'' means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(5) INDIVIDUAL DEVELOPMENT ACCOUNT.—

(A) IN GENERAL.—The term ''individual development account'' means a trust created or organized in the United States exclusively for the purpose of paying the qualified expenses of an eligible individual, or enabling the eligible individual to make an emergency withdrawal, but only if the written governing instrument creating the trust meets the following requirements:

(i) No contribution will be accepted unless it is in cash or by check.

(ii) The trustee is a federally insured financial institution, or a State insured financial institution if no federally insured financial institution is available.

(iii) The assets of the trust will be invested in accordance with the direction of the eligible individual after consultation with the qualified entity providing deposits for the individual under section 410.

(iv) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

(v) Except as provided in clause (vi), any amount in the trust which is attributable to a deposit provided under section 410 may be paid or distributed out of the trust only for the purpose of paying the qualified expenses of the eligible individual, or enabling the eligible individual to make an emergency withdrawal.

(vi) Any balance in the trust on the day after the date on which the individual for whose benefit the trust is established dies shall be distributed within 30 days of that date as directed by that individual to another individual development account established for the benefit of an eligible individual.

(B) CUSTODIAL ACCOUNTS.—For purposes of subparagraph (A), a custodial account shall be treated as a trust if the assets of the custodial account are held by a bank (as defined in section 408(n) of the Internal Revenue Code of 1986) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which such person will administer the custodial account will be consistent with the requirements of this title, and if the custodial account would, except for the fact that it is not a trust, constitute an individual development account described in subparagraph (A). For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of that custodial account shall be treated as the trustee thereof.

(6) PROJECT YEAR.—The term ''project year'' means, with respect to a demonstration project, any of the 4 consecutive 12-month periods beginning on the date the project is originally authorized to be conducted.

(7) QUALIFIED ENTITY.—

(A) IN GENERAL.—The term ''qualified entity'' means—

(i) one or more not-for-profit organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

(ii) a State or local government agency, or a tribal government, submitting an application under section 405 jointly with an organization described in clause (i).

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing an organization described in subparagraph (A)(i) from collaborating with a financial institution or for-profit community development corporation to carry out the purposes of this title.

(8) QUALIFIED EXPENSES.—The term ''qualified expenses'' means one or more of the following, as provided by the qualified entity:

(A) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution. In this subparagraph:

(i) POSTSECONDARY EDUCATIONAL EXPENSES.—The term ''postsecondary educational expenses'' means the following:

(I) TUITION AND FEES.—Tuition and fees required for the enrollment or attendance of a student at an eligible educational institution.

(II) FEES, BOOKS, SUPPLIES, AND EQUIPMENT.—Fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

(ii) ELIGIBLE EDUCATIONAL INSTITUTION.—The term ''eligible educational institution'' means the following:

(I) INSTITUTION OF HIGHER EDUCATION.—An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of enactment of this title.

(II) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of enactment of this title.

(B) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due. In this subparagraph:

(i) PRINCIPAL RESIDENCE.—The term ''principal residence'' means a principal residence, the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence.

(ii) QUALIFIED ACQUISITION COSTS.—The term ''qualified acquisition costs'' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

(iii) QUALIFIED FIRST-TIME HOMEBUYER.—

(I) IN GENERAL.—The term ''qualified first-time homebuyer'' means an individual participating in the project (and, if married, the individual's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subparagraph applies.

(II) DATE OF ACQUISITION.—The term ''date of acquisition'' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

(C) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses. In this subparagraph:

(i) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term ''qualified business capitalization expenses'' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

(ii) QUALIFIED EXPENDITURES.—The term ''qualified expenditures'' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

(iii) QUALIFIED BUSINESS.—The term ''qualified business'' means any business that does not contravene any law or public policy (as determined by the Secretary).

(iv) QUALIFIED PLAN.—The term ''qualified plan'' means a business plan, or a plan to use a business asset purchased, which—

(I) is approved by a financial institution, a microenterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity;

(II) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and

(III) may require the eligible individual to obtain the assistance of an experienced entrepreneurial adviser.

(D) TRANSFERS TO IDAS OF FAMILY MEMBERS.—Amounts paid from an individual development account directly into another such account established for the benefit of an eligible individual who is—

(i) the individual's spouse; or

(ii) any dependent of the individual with respect to whom the individual is allowed a deduction under section 151 of the Internal Revenue Code of 1986.

(9) QUALIFIED SAVINGS OF THE INDIVIDUAL FOR THE PERIOD.—The term ''qualified savings of the individual for the period'' means the aggregate of the amounts contributed by the individual to the individual development account of the individual during the period.

(10) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(11) TRIBAL GOVERNMENT.—The term ''tribal government'' means a tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) or a Native Hawaiian organization, as defined in section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

SEC. 405. APPLICATIONS.

(a) ANNOUNCEMENT OF DEMONSTRATION PROJECTS.—Not later than 3 months after the date of enactment of this title, the Secretary shall publicly announce the availability of funding under this title for demonstration projects and shall ensure that applications to conduct the demonstration projects are widely available to qualified entities.

(b) SUBMISSION.—Not later than 6 months after the date of enactment of this title, a qualified entity may submit to the Secretary an application to conduct a demonstration project under this title.

(c) CRITERIA.—In considering whether to approve an application to conduct a demonstration project under this title, the Secretary shall assess the following:

(1) SUFFICIENCY OF PROJECT.—The degree to which the project described in the application appears likely to aid project participants in achieving economic self-sufficiency through activities requiring qualified expenses. In making such assessment, the Secretary shall consider the overall quality of project activities in making any particular kind or combination of qualified expenses to be an essential feature of any project.

(2) ADMINISTRATIVE ABILITY.—The experience and ability of the applicant to responsibly administer the project.

(3) ABILITY TO ASSIST PARTICIPANTS.—The experience and ability of the applicant in recruiting, educating, and assisting project participants to increase their economic independence and general well-being through the development of assets.

(4) COMMITMENT OF NON-FEDERAL FUNDS.—The aggregate amount of direct funds from non-Federal public sector and from private sources that are formally committed to the project as matching contributions.

(5) ADEQUACY OF PLAN FOR PROVIDING INFORMATION FOR EVALUATION.—The adequacy of the plan for providing information relevant to an evaluation of the project.

(6) OTHER FACTORS.—Such other factors relevant to the purposes of this title as the Secretary may specify.

(d) PREFERENCES.—In considering an application to conduct a demonstration project under this title, the Secretary shall give preference to an application that—

(1) demonstrates the willingness and ability to select individuals described in section 408 who are predominantly from households in which a child (or children) is living with the child's biological or adoptive mother or father, or with the child's legal guardian;

(2) provides a commitment of non-Federal funds with a proportionately greater amount of such funds committed by private sector sources; and

(3) targets such individuals residing within one or more relatively well-defined neighborhoods or communities (including rural communities) that experience high rates of poverty or unemployment.

(e) APPROVAL.—Not later than 9 months after the date of enactment of this title, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration projects under this title as the Secretary deems appropriate, taking into account the assessments required by subsections (c) and (d). The Secretary is encouraged to ensure that the applications that are approved involve a range of communities (both rural and urban) and diverse populations.

(f) CONTRACTS WITH NONPROFIT ENTITIES.—The Secretary may contract with an entity described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code to carry out any responsibility of the Secretary under this section or section 412 if—

(1) such entity demonstrates the ability to carry out such responsibility; and

(2) the Secretary can demonstrate that such responsibility would not be carried out by the Secretary at a lower cost.

SEC. 406. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.

(a) DEMONSTRATION AUTHORITY.—If the Secretary approves an application to conduct a demonstration project under this title, the Secretary shall, not later than 10 months after the date of enactment of this title, authorize the applicant to conduct the project for 4 project years in accordance with the approved application and the requirements of this title.

(b) GRANT AUTHORITY.—For each project year of a demonstration project conducted under this title, the Secretary may make a grant to the qualified entity authorized to conduct the project. In making such a grant, the Secretary shall make the grant on the first day of the project year in an amount not to exceed the lesser of—

(1) the aggregate amount of funds committed as matching contributions by non-Federal public or private sector sources; or

(2) $1,000,000.

SEC. 407. RESERVE FUND.

(a) ESTABLISHMENT.—A qualified entity under this title, other than a State or local government agency, or a tribal government, shall establish a Reserve Fund which shall be maintained in accordance with this section.

(b) AMOUNTS IN RESERVE FUND.—

(1) IN GENERAL.—As soon after receipt as is practicable, a qualified entity shall deposit in the Reserve Fund established under subsection (a)—

(A) all funds provided to the qualified entity by any public or private source in connection with the demonstration project; and

(B) the proceeds from any investment made under subsection (c)(2).

(2) UNIFORM ACCOUNTING REGULATIONS.—The Secretary shall prescribe regulations with respect to accounting for amounts in the Reserve Fund established under subsection (a).

(c) USE OF AMOUNTS IN THE RESERVE FUND.—

(1) IN GENERAL.—A qualified entity shall use the amounts in the Reserve Fund established under subsection (a) to—

(A) assist participants in the demonstration project in obtaining the skills (including economic literacy, budgeting, credit, and counseling) and information necessary to achieve economic self-sufficiency through activities requiring qualified expenses;

(B) provide deposits in accordance with section 410 for individuals selected by the qualified entity to participate in the demonstration project;

(C) administer the demonstration project; and

(D) provide the research organization evaluating the demonstration project under section 414 with such information with respect to the demonstration project as may be required for the evaluation.

(2) AUTHORITY TO INVEST FUNDS.—

(A) GUIDELINES.—The Secretary shall establish guidelines for investing amounts in the Reserve Fund established under subsection (a) in a manner that provides an appropriate balance between return, liquidity, and risk.

(B) INVESTMENT.—A qualified entity shall invest the amounts in its Reserve Fund that are not immediately needed to carry out the provisions of paragraph (1), in accordance with the guidelines established under subparagraph (A).

(3) LIMITATION ON USES.—Not more than 9.5 percent of the amounts provided to a qualified entity under section 406(b) shall be used by the qualified entity for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1), of which not less than 2 percent of the amounts shall be used by the qualified entity for the purposes described in paragraph (1)(D). If two or more qualified entities are jointly administering a project, no qualified entity shall use more than its proportional share for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1).

(d) UNUSED FEDERAL GRANT FUNDS TRANSFERRED TO THE SECRETARY WHEN PROJECT TERMINATES.—Notwithstanding subsection (c), upon the termination of any demonstration project authorized under this section, the qualified entity conducting the project shall transfer to the Secretary an amount equal to—

(1) the amounts in its Reserve Fund at time of the termination; multiplied by

(2) a percentage equal to—

(A) the aggregate amount of grants made to the qualified entity under section 406(b); divided by

(B) the aggregate amount of all funds provided to the qualified entity by all sources to conduct the project.

SEC. 408. ELIGIBILITY FOR PARTICIPATION.

(a) IN GENERAL.—Any individual who is a member of a household that is eligible for assistance under the State temporary assistance for needy families program established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or that meets each of the following requirements shall be eligible to participate in a demonstration project conducted under this title:

(1) INCOME TEST.—The adjusted gross income of the household does not exceed the earned income amount described in section 32 of the Internal Revenue Code of 1986 (taking into account the size of the household).

(2) NET WORTH TEST.—

(A) IN GENERAL.—The net worth of the household, as of the end of the calendar year preceding the determination of eligibility, does not exceed $10,000.

(B) DETERMINATION OF NET WORTH.—For purposes of subparagraph (A), the net worth of a household is the amount equal to—

(i) the aggregate market value of all assets that are owned in whole or in part by any member of the household; minus

(ii) the obligations or debts of any member of the household.

(C) EXCLUSIONS.—For purposes of determining the net worth of a household, a household's assets shall not be considered to include the primary dwelling unit and one motor vehicle owned by the household.

(b) INDIVIDUALS UNABLE TO COMPLETE THE PROJECT.—The Secretary shall establish such regulations as are necessary, including prohibiting future eligibility to participate in any other demonstration project conducted under this title, to ensure compliance with this title if an individual participating in the demonstration project moves from the community in which the project is conducted or is otherwise unable to continue participating in that project.

SEC. 409. SELECTION OF INDIVIDUALS TO PARTICIPATE.

From among the individuals eligible to participate in a demonstration project conducted under this title, each qualified entity shall select the individuals—

(1) that the qualified entity deems to be best suited to participate; and

(2) to whom the qualified entity will provide deposits in accordance with section 410.

SEC. 410. DEPOSITS BY QUALIFIED ENTITIES.

(a) IN GENERAL.—Not less than once every 3 months during each project year, each qualified entity under this title shall deposit in the individual development account of each individual participating in the project, or into a parallel account maintained by the qualified entity—

(1) from the non-Federal funds described in section 405(c)(4), a matching contribution of not less than $0.50 and not more than $4 for every $1 of earned income (as defined in section 911(d)(2) of the Internal Revenue Code of 1986) deposited in the account by a project participant during that period;

(2) from the grant made under section 406(b), an amount equal to the matching contribution made under paragraph (1); and

(3) any interest that has accrued on amounts deposited under paragraph (1) or (2) on behalf of that individual into the individual development account of the individual or into a parallel account maintained by the qualified entity.

(b) LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.—Not more than $2,000 from a grant made under section 406(b) shall be provided to any one individual over the course of the demonstration project.

(c) LIMITATION ON DEPOSITS FOR A HOUSEHOLD.—Not more than $4,000 from a grant made under section 406(b) shall be provided to any one household over the course of the demonstration project.

(d) WITHDRAWAL OF FUNDS.—The Secretary shall establish such guidelines as may be necessary to ensure that funds held in an individual development account are not withdrawn, except for one or more qualified expenses, or for an emergency withdrawal. Such guidelines shall include a requirement that a responsible official of the qualified entity conducting a project approve such withdrawal in writing. The guidelines shall provide that no individual may withdraw funds from an individual development account earlier than 6 months after the date on which the individual first deposits funds in the account.

(e) REIMBURSEMENT.—An individual shall reimburse an individual development account for any funds withdrawn from the account for an emergency withdrawal, not later than 12 months after the date of the withdrawal. If the individual fails to make the reimbursement, the qualified entity administering the account shall transfer the funds deposited into the account or a parallel account under section 410 to the Reserve Fund of the qualified entity, and use the funds to benefit other individuals participating in the demonstration project involved.

SEC. 411. LOCAL CONTROL OVER DEMONSTRATION PROJECTS.

A qualified entity under this title, other than a State or local government agency or a tribal government, shall, subject to the provisions of section 413, have sole authority over the administration of the project. The Secretary may prescribe only such regulations or guidelines with respect to demonstration projects conducted under this title as are necessary to ensure compliance with the approved applications and the requirements of this title.

SEC. 412. ANNUAL PROGRESS REPORTS.

(a) IN GENERAL.—Each qualified entity under this title shall prepare an annual report on the progress of the demonstration project. Each report shall include both program and participant information and shall specify for the period covered by the report the following information:

(1) The number of individuals making a deposit into an individual development account.

(2) The amounts in the Reserve Fund established with respect to the project.

(3) The amounts deposited in the individual development accounts.

(4) The amounts withdrawn from the individual development accounts and the purposes for which such amounts were withdrawn.

(5) The balances remaining in the individual development accounts.

(6) The savings account characteristics (such as threshold amounts and match rates) required to stimulate participation in the demonstration project, and how such characteristics vary among different populations or communities.

(7) What service configurations of the qualified entity (such as peer support, structured planning exercises, mentoring, and case management) increased the rate and consistency of participation in the demonstration project and how such configurations varied among different populations or communities.

(8) Such other information as the Secretary may require to evaluate the demonstration project.

(b) SUBMISSION OF REPORTS.—The qualified entity shall submit each report required to be prepared under subsection (a) to—

(1) the Secretary; and

(2) the Treasurer (or equivalent official) of the State in which the project is conducted, if the State or a local government or a tribal government committed funds to the demonstration project.

(c) TIMING.—The first report required by subsection (a) shall be submitted not later than 60 days after the end of the calendar year in which the Secretary authorized the qualified entity to conduct the demonstration project, and subsequent reports shall be submitted every 12 months thereafter, until the conclusion of the project.

SEC. 413. SANCTIONS.

(a) AUTHORITY TO TERMINATE DEMONSTRATION PROJECT.—If the Secretary determines that a qualified entity under this title is not operating the demonstration project in accordance with the entity's application or the requirements of this title (and has not implemented any corrective recommendations directed by the Secretary), the Secretary shall terminate such entity's authority to conduct the demonstration project.

(b) ACTIONS REQUIRED UPON TERMINATION.—If the Secretary terminates the authority to conduct a demonstration project, the Secretary—

(1) shall suspend the demonstration project;

(2) shall take control of the Reserve Fund established pursuant to section 407;

(3) shall make every effort to identify another qualified entity (or entities) willing and able to conduct the project in accordance with the approved application (or, as modified, if necessary to incorporate the recommendations) and the requirements of this title;

(4) shall, if the Secretary identifies an entity (or entities) described in paragraph (3)—

(A) authorize the entity (or entities) to conduct the project in accordance with the approved application (or, as modified, if necessary, to incorporate the recommendations) and the requirements of this title;

(B) transfer to the entity (or entities) control over the Reserve Fund established pursuant to section 407; and

(C) consider, for purposes of this title—

(i) such other entity (or entities) to be the qualified entity (or entities) originally authorized to conduct the demonstration project; and

(ii) the date of such authorization to be the date of the original authorization; and

(5) if, by the end of the 1-year period beginning on the date of the termination, the Secretary has not found a qualified entity (or entities) described in paragraph (3), shall—

(A) terminate the project; and

(B) from the amount remaining in the Reserve Fund established as part of the project, remit to each source that provided funds under section 405(c)(4) to the entity originally authorized to conduct the project, an amount that bears the same ratio to the amount so remaining as the amount provided by the source under section 405(c)(4) bears to the amount provided by all such sources under that section.

SEC. 414. EVALUATIONS.

(a) IN GENERAL.—Not later than 10 months after the date of enactment of this title, the Secretary shall enter into a contract with an independent research organization to evaluate, individually and as a group, all qualified entities and sources participating in the demonstration projects conducted under this title.

(b) FACTORS TO EVALUATE.—In evaluating any demonstration project conducted under this title, the research organization shall address the following factors:

(1) The effects of incentives and organizational or institutional support on savings behavior in the demonstration project.

(2) The savings rates of individuals in the demonstration project based on demographic characteristics including gender, age, family size, race or ethnic background, and income.

(3) The economic, civic, psychological, and social effects of asset accumulation, and how such effects vary among different populations or communities.

(4) The effects of individual development accounts on savings rates, homeownership, level of postsecondary education attained, and self-employment, and how such effects vary among different populations or communities.

(5) The potential financial returns to the Federal Government and to other public sector and private sector investors in individual development accounts over a 5-year and 10-year period of time.

(6) The lessons to be learned from the demonstration projects conducted under this title and if a permanent program of individual development accounts should be established.

(7) Such other factors as may be prescribed by the Secretary.

(c) METHODOLOGICAL REQUIREMENTS.—In evaluating any demonstration project conducted under this title, the research organization shall—

(1) for at least one site, use control groups to compare participants with nonparticipants;

(2) before, during, and after the project, obtain such quantitative data as are necessary to evaluate the project thoroughly; and

(3) develop a qualitative assessment, derived from sources such as in-depth interviews, of how asset accumulation affects individuals and families.

(d) REPORTS BY THE SECRETARY.—

(1) INTERIM REPORTS.—Not later than 90 days after the end of the calendar year in which the Secretary first authorizes a qualified entity to conduct a demonstration project under this title, and every 12 months thereafter until all demonstration projects conducted under this title are completed, the Secretary shall submit to Congress an interim report setting forth the results of the reports submitted pursuant to section 412(b).

(2) FINAL REPORTS.—Not later than 12 months after the conclusion of all demonstration projects conducted under this title, the Secretary shall submit to Congress a final report setting forth the results and findings of all reports and evaluations conducted pursuant to this title.

(e) EVALUATION EXPENSES.—The Secretary shall expend such sums as may be necessary,

but not more than 2 percent of the amounts appropriated under section 416 for a fiscal year, to carry out the purposes of this section.

SEC. 415. TREATMENT OF FUNDS.

Of the funds deposited in individual development accounts for eligible individuals only the funds deposited by the individuals (including interest accruing on those funds) may be considered to be the income, assets, or resources of the individuals, for purposes of determining eligibility for, or the amount of assistance furnished under, any Federal or federally assisted program based on need.

SEC. 416. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title, $25,000,000 for each of fiscal years 1999, 2000, 2001, 2002, and 2003 to remain available until expended.

Mr. COATS. Mr. President, I am pleased to bring before the Senate, on behalf of the Committee on Labor and Human Resources, S. 2206, the Coats Human Services Reauthorization Act of 1998.

This legislation is truly the result of a significant bi-partisan effort. We have worked closely with members of the committee to make important changes in program focus and in our expectations for measurable outcomes.

Few federal programs engender the kind of positive feelings as do the programs we are discussing today: Head Start, the Community Services Block Grant, the Low Income Home Energy Assistance program, and a new program—close to my heart, the Assets for Independence Act.

These programs all have one important thing in common—they represent the federal government at its best, forging public and private partnerships to combat the effects of poverty, and unleashing the vast resources of one of our most important assets—the local community.

Whether in a Head Start classroom, a food bank, or a community action agency, the programs we are about to reauthorize provide a valuable link between families and the services and opportunities they need.

I have had the privilege of visiting a number of Head Start programs in my own state, and have found at each one a common thread—the commitment of staff and of parents to be there for their children. In Head Start centers across America, parents serve as volunteers, as teachers, as aides, in whatever capacity they are needed. Many have told me that thanks to Head Start, they have gone on to higher education. Thanks to Head Start, their children have hope for a future. I say that it is thanks to their commitment as parents that their children's hopes have been realized.

S. 2206 continues this legacy—and does so in a way that supports the family as a unit. Head Start is a program serving children in families. CSBG is a program serving families in communities. And Assets for Independence makes it possible for families to become fully self sufficient.

Before I briefly discuss the specifics issues addressed in the legislation I want to thank members of the Committee (Senator DODD, KENNEDY, JEFFORDS, DEWINE and MCCONNELL in particular) and of course their staffs for their commitment to this process being open and bi-partisan. I think the fruit of all of our efforts is in the bill we will vote on today. I also would also like Karen Spar from the Congressional Research Service who has been tireless in her efforts to provide support to my staff and Liz Aldridge-King from the Office of Legislative Counsel who worked virtually around the clock to get this bill out on time. Thank you to all who contributed to this effort.

Head Start is a program that has been identified as one with enormous potential in giving children an opportunity to realize their full potential; however, it has been a program which has experienced varying degrees of quality. With the 1994 reauthization, Congress and the Administration formed an important partnership to devise ways to make program quality a primary focus. Since the last reauthorization, the Head Start Bureau has offered technical assistance, resources, and support to Head Start programs that are committed to pursuing excellence—and terminated the grants of those programs that were experiencing significant program deficiencies. Close to 100 Head Start grantees have been terminated or have relinquished their grants since 1994.

S. 2206 takes further steps to ensure quality and to make sure that Head Start students attain the goal of school readiness by expanding the use of quality improvement funds to provide staff training related to the promotion of language skills and literacy growth of children and the acquisition of English for children from non-English-speaking backgrounds and by requiring the establishment of education performance standards to ensure school readiness and that children develop a minimum level of literacy awareness and understanding. Further, the Secretary is directed to develop outcome-based performance measures and to apply those measures to local grantees when evaluating program effectiveness. Under this scenario, consistent poor performers would be identified, offered technical assistance, and if they failed to correct the deficiency—terminated and their grant re-competed.

We have responded to concerns that Head Start programs be able to more fully respond to emerging needs of working families for full-day, full-year services by significantly enhancing the collaboration grant program in current law by requiring active collaboration between Head Start, the State liaison appointed by the Governor, and other early care and education programs within the State. We have attempted to eliminate barriers to effective collaboration and have instructed the Secretary to design an administrative structure whereby additional barriers that are identified can be addressed. Taken together, these provisions should make it much easier for States to include Head Start in unified planning regarding early care and education services at the state and local level.

To respond to the recent research on the importance of early brain development, we have included the President's request for an expansion of the Early Head Start program from 7.5 percent in FY 1999 to 10 percent in FY 2003. We have required the Secretary to set aside a portion of these funds to provide technical assistance to ensure the maintenance of program quality and given the Secretary the authority to reduce the set aside amounts, if necessary to avoid a reduction in regular Head Start services or quality.

To respond to the issue of improved teacher competence, we have added a new section to the section in the law pertaining to staff qualifications to ensure that each head start classroom has a teacher with demonstrated competency to perform certain functions. This was done in lieu of mandating additional degrees such as 2 or 4 year college degree which is not the norm for preschools in America, and which in fact, are not a good measure for teacher competence. Rather, we focus on specific demonstrated competencies which must first be achieved in order to qualify as a teacher.

During the last reauthorization in 1994 we required every Head Start classroom to have a teacher with at least Child Development Associate credential. With near accomplishment of that goal we wanted to make sure that waivers to this requirement would only be given in the most limited circumstance. Therefore we allow a 180-day waiver which will only be available where a Head Start agency could document that it had unsuccessfully attempted to recruit an individual with the required credential, certificate or degree. Such a waiver would be for an individual who is enrolled in a program that grants the appropriate credential, and who will receive the appropriate credential within 180 days of beginning employment as a Head Start teacher.

In response to concerns raised by the General Accounting Office and others about the lack of reliable research on Head Start which can be used to determine its effectiveness, we have authorized a national impact study of Head Start and also included, at the request of Senator DEWINE, several smaller comparative studies of children participating in head start with eligible children who did not participate in Head Start or other preschool programs. These studies should yield very valuable information about how this program is working, and whether Head Start is, as we all hope and believe it is, making a difference.

Title II of S. 2206 authorizes the Community Services Block Grant. This program had not been updated since 1981 when CSBG came into existence as a block grant. Therefore, we have done a complete redraft of this program to bring it current and to make some very

important changes to program structure and goals.

First, we have established some very specific program goals which include strengthening community capabilities for planning, coordinating and supporting innovative responses to community needs and conditions. CSBG is an excellent example of what can happen when Washington gets out of the way and allows local communities to design effective responses to local problems. Ninety percent of the funds provided under this act must be passed through by the State to local eligible entities which include a variety of public and nonprofit organizations, community action agencies, and faith-based neighborhood organizations.

Second, we have established a mechanism for state monitoring of eligible entities to determine whether such entities meet performance goals, administrative standards, financial management requirements, and other requirements of the state. Each State will be required to participate in a performance measurement system, although they will be able to choose from a menu of priorities to reflect the current program they are instituting at the local level.

Third, we have grand fathered in all existing public CAPS but are requiring that any new public CAPS may come into existence only if there is no private, nonprofit organization identified or qualified to serve as the CSBG recipient. Like private nonprofit agencies, public CAPS would have to agree to administer their program through a local tripartite board and ensure adequate low income representation on it.

Fourth, with respect to the discretionary programs under CSBG, we have reauthorized the Community Economic Development program, the Rural Community Development program, National Youth Sports, and Community Food and Nutrition. We have created a new program called Neighborhood Innovation Projects for grants to neighborhood based, private non-profits to test or assist in the development of new approaches or methods of dealing with community problems. These grants may be used for a variety of purposes including gang interventions, addressing school violence, or any other purposes that are identified by the community as a problem resulting from poverty and consistent with the purposes of this CSBG.

Title III are reauthorizes the Low Income Home Energy Assistance Program at the current level of $2 billion for each of the fiscal years 1999 through 2004. The amount available for leveraging is reduced from $50,000,000 to $30,000,000 except in any year in which appropriations fall below $1.4 billion at which time the leveraging pot goes back to $50,000,000.

The most significant change in this program is the addition of a new section which clarifies the criteria by which LIHEAP funds can be released in an emergency or natural disaster. Currently, there is an arbitrary standard for determining an emergency or natural disaster, this language will rectify this problem by listing standards under which funds may be released which may include: significant home energy supply shortage or disruption; a significant increase in the cost of home energy, as determined by the secretary; a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data; significant increase in participation in a public benefit program such as the food stamp program; a significant increase in unemployment or layoffs; or any other event meeting criteria as the secretary may determine to be appropriate.

This is an important addition, and I would like to thank Senators JEFFORDS and KENNEDY for their leadership in this matter.

Finally, Title IV establishes a five year demonstration program to determine the social, civic, psychological and economic effects that Individual Development Account (IDA) savings accounts can have on low income individuals and their families.

In some respects, IDAs are like IRAs for the working poor. They are dedicated savings accounts that can be used for purchasing a first home, post-secondary education, or capitalizing a business. These investments are associated with extremely high rates of return that have the potential to bring a new level of economic and personal security to families and communities.

The individual or family deposits whatever they can save (typically $5–$20 a month) in the account. The sponsoring organization ''matches'' that deposit with funds provided by local churches and service organizations, corporations, foundations, and state or local governments.

The intent of this demonstration program is to encourage participants to develop and reaffirm strong habits for saving money. To assist this, sponsor organizations will provide participating individuals and families intensive financial counseling and counseling to develop investment plans for education, home ownership, and entrepreneurship.

In addition, participating welfare and low-income families build assets whose high return on investment propels them into independence and stability. The community will also benefit from the significant return on an investment in IDAs: we can expect welfare rolls to be reduced; tax receipts to increase; employment to increase; and local enterprises and builders can expect increased business activity. Neighborhoods will be rejuvenated as new microenterprises and increased home renovation and building drive increased employment and community development.

In fact, it is estimated that an investment of $100 million in asset building through these individual accounts would generate :7,050 new businesses; 68,799 new jobs; $730 million in additional earnings; 12,000 new or rehabilitated homes; $287 million in savings and matching contributions and earnings on those accounts; 188 million in increased assets for low-income families 6,600 families removed from welfare rolls 12,000 youth graduates from vocational education and college programs; 20,000 adults obtaining high school, vocational, and college degrees.

IDAs are planned or now available on a small scale across the country, including Indiana, Illinois, Virginia, Oregon, and Iowa. The Assets for Independence Act has been developed after a review of numerous, similar, successful programs, and most notably one run by the Eastside Community Investments community development corporation in Indianapolis, Indiana. This provision incorporates a number of protections developed with their assistance and based on their experience.

Mr. President, taken together, I think we have an excellent package of programs designed to reauthorize programs which have been vital to many low-income individuals and communities. These programs are for the most part locally designed and controlled and offer unique opportunities for self-sufficiency and enhanced community involvement.

Mr. JEFFORDS. Mr. President, I am pleased the Senate has turned to consideration of the Community Opportunities, Accountability, Education and Training Services Act of 1998—the COATS Act—which reauthorizes the Human Services Act. This legislation, sponsored by Senator COATS, Senator DODD, myself, and Senator KENNEDY, was voted unanimously out of the Senate Labor and Human Resources Committee on June 24, 1998, and continues to have broad bipartisan support.

This bill includes the reauthorization of three of our most important programs providing services and assistance to the neediest of Americans: the Head Start program, the Community Services Block Grant, and the Low Income Home Energy Assistance Program. It also includes a new program, the Assets for Independence Act, to empower these citizens into achieving economic independence.

This legislation draws upon over thirty years of experience with these programs. While each of these programs is working—and working well—there are clearly some things that we can be doing better. So while this bill leaves present law largely intact, it does include some important changes to make these programs more accountable and more effective in carrying out the specific tasks that we have asked of them.

The Head Start Program has been instrumental in helping many children enter school ready to learn. It goes beyond child care, by providing medical, dental, and other services to children enrolled in the program. However, I believe that its major contribution has been to support parents in their role as

the primary teacher for their children. Head Start is a comprehensive service program that has made a difference in the lives of so many children and their parents.

While most of us know the difference that Head Start has made in the lives of millions of children and their parents, it is important that we continue to ensure that the program is the very best it can be. This reauthorization includes a major evaluation and research initiative. I believe this research will help demonstrate the positive impact of high quality, comprehensive services for children and families. More importantly, this initiative can provide the American people with more information about how best to help prepare all of our children for the challenges that lie ahead in the next century.

We also have increased funding for the Infant and Toddler Head Start program. Although this program is relatively new, the emerging research on early brain development clearly indicates that tremendous benefits can be gained by supporting parents in their efforts to be good parents for their children. Few young parents have the family and community support networks that were once such an integral part of raising children. The Infant and Toddler program strives to re-create those networks in order to help mothers and fathers better meet the challenges of parenthood.

One of the more controversial changes in this year's reauthorization is the inclusion of for-profit providers as eligible grantees for Head Start. Yet, working with Senators KENNEDY and DODD, we were able to reach an acceptable compromise that makes clear exactly what is and is not allowed. Briefly, the legislation opens up the competitive process to another segment of child care and human service provider . However, it does not require the Secretary to award a grant to a non-profit entity. It does not lessen the requirements and standards that any Head Start program must meet. I do not believe that, by virtue of an organization's tax status, it is either more or less capable of providing the high quality of services which we require of all Head Start grantees. I am pleased that an agreement on this issue has been reached.

The second major program authorized under this legislation is the Community Services Block Grant. This program provides funding which enables States to work with their communities to reduce poverty. That's an easily defined goal, but getting there takes lots of work. Because it is locally-driven and community-based, the CSBG is used differently in every community—drawing upon available strengths and resources to meet the unique needs of each.

In Vermont, the CSBG serves communities all across our state, from Brattleboro to the Northeast Kingdom. Under the current formula, Vermont receives a little more than $2.6 million in CSBG funds. Whether it's using CSBG dollars to help the underprivileged learn new job skills or go back to school, or helping families become self-sufficient by teaching them how to search for affordable housing or simply work within a budget, I think countless families and communities in our State would agree that the initial investment has earned priceless returns. Communities are using those dollars to make a difference.

For this reason, I am pleased that we have made only minor adjustments in these programs, and that most of these changes make some necessary improvements that will allow us to better determine the effectiveness of CSBG programs. For example, this bill requires states to monitor their grantees to determine whether they are meeting performance goals, administrative standards, and financial management requirements. The bill also establishes state and federal accountability and reporting provisions, and requires grantees to participate in a performance measurement system. Presently, grantees may participate in this system, but are not required to do so. The changes in this bill mean that we will be able to better monitor the progress of programs and measure the effectiveness of the delivery of programs.

I want to point out, however, that I am aware that through a technical change that we were unable to remove at the last minute, this legislation contains language repealing the Community Economic Development program. This was brought to my attention, and to the attention of the Ranking Member, last Friday, and we have taken steps to remedy the situation. Our House colleagues have indicated their bill will not repeal this provision, and Senator COATS and I have pledged that we will remove the language repealing this program in conference. This is a matter that was due to a technical oversight only; it is certainly not the intention of the committee to end this program, and I am grateful for the assistance of Congressman BILL GOODLING and his staff in helping us resolve this matter satisfactorily.

I also want to mention that I know there was some concern about allowing faith-based organizations to participate as direct grantees in CSBG programs. I want to be clear that this bill does not allow faith-based organizations any priority in becoming grantees. It simply says that they may participate. If a faith-based organization receives a grant, it will still be expected to run quality programs and operate in the same way any other grantee would, including establishing a tripartite board to administer the programs. Further, there is language in this bill essentially grandfathering in existing community action agencies as eligible grantees, so there should not be a concern that current grantees will suddenly find themselves jockeying for funding. If they are delivering good services, they may continue to do so.

There was also some concern over including a new program, the Neighborhood Innovation Project, as an allowable activity under the discretionary account because it would mean less funds for the other programs authorized in the account. Let me explain why this is not the case—and, in fact, if Congressional appropriators follow the authorization carefully, there should be more funding for programs within this account.

Under current law, the discretionary account receives a set-aside of nine percent of the CSBG funds. Presently, the discretionary account only contains the community economic development programs and the rural community development programs as allowable expenditures. However, at appropriations time, the appropriators have been folding the National Youth Sports program (NYSP) and the Community Food and Nutrition Act (CFNP) into the nine percent set-aside. What the law actually says—and what this bill reinforces—is that the NYSP and the CFNP program are both worthwhile programs that should receive separately appropriated line-items; they should not be competing with the community economic development and rural community development initiatives to receive a part of that nine-percent set-aside. I hope the appropriators will follow the authorization and limit the programs funded through the nine-percent set-aside.

Under the new bill, we maintain the NYSP and CFNP as separate accounts that do not compete with programs in the discretionary account. I know this all sounds like maudlin bookkeeping, but what it means is that, even with the new Neighborhood Innovation Project included in the discretionary account, there are now only three programs among which the discretionary account can be divided, not four. That should mean funding can go a little bit further for these programs. Meanwhile, the NYSP and CNFP can receive their own separate streams of funding. That is clearly our intent.

While on the subject of the NYSP, let me just mention one change we made in the current program to ensure a more comprehensive delivery of services. What this legislation would do is link youth who participate in this five week summer program to community-based youth services that can serve their needs all year long.

The third major program reauthorized in this legislation is the Low Income Home Energy Assistance Program (LIHEAP), which, due to the forward-funded nature of the program, is authorized through 2004. The program provides assistance to 4.3 million low-income households to help families pay their heating and cooling bills. LIHEAP is a state block grant program that has faced more than its fair share of budget cuts. In fact, I am very dismayed that appropriators on the House side have voted to slash funding for the program.

Our bill reauthorizes the program at the $2 billion level and continues to authorize funds to be released on an emergency basis by the President. On that subject, we have included language that clarifies the criteria under which LIHEAP funds can be released during an emergency or natural disaster. Last winter, when much of Northern New England was devastated by a 100-year ice storm, 53 Senators unsuccessfully wrote to the President asking him to release LIHEAP emergency funds. Our bill includes language that will help states obtain funds when they face similar natural or economic disasters.

Finally, this bill authorizes a new, $25 million program known as the Assets for Independence Act. This new program builds upon the Individual Development Accounts that we allowed under welfare reform. The Assets for Independence Act would help qualified, poor individuals establish individual savings accounts that they can later use for post-secondary education, purchase of a first home, or business capitalization.

In Vermont, we are already operating a program very much like this under our welfare waiver. However, Vermont's program does not look exactly like what is in this bill, and I want to make it clear that Vermont, and any other state, may continue to operate existing IDA programs as they deem fit, using their existing resources. States do not have to make their program look like those established in this bill unless they specifically apply for the funding made available under this section. What is in this bill does not override any existing IDA program. Knowing this, I am pleased we were able to include this new section in the bill, as I know it has been a priority for Senator COATS, and I commend him for working with me to ensure that Vermont can continue to run its existing programs.

This legislation is the result of months of hard work, negotiation, and compromise. This is a very good bill that deserves the support of the Senate. It reinforces what works in these programs, and discards what does not. It continues the mission that we began many years ago of empowering communities to help their most vulnerable populations, and it does this in a responsible manner.

I am pleased with the bipartisan atmosphere that has surrounded this bill so far, and I look forward to finishing the reauthorization in the same manner. I want to thank Senator COATS for his excellent work on this important legislation. As always, it is a pleasure working with him, and I want to commend him for his hard work in crafting this compromise. Senator KENNEDY and Senator DODD were instrumental in drafting this bill and moving it through the committee, and each has left a definite mark on this legislation. I also appreciate the valuable input from Senators DEWINE and ASHCROFT in drafting some key provisions of the bill.

There are a number of staff who have worked very hard on this legislation who deserve recognition for their efforts. In particular, I want to thank Stephanie Monroe with Senator COATS—her effort was extraordinary; Suzanne Day, Jeanne Ireland and Jim Fenton with Senator DODD; Stephanie Robinson with Senator KENNEDY; and Geoff Brown, Kimberly Barnes-O'Connor and Brian Jones of my staff. In addition, I want to note the contributions of Vince Ventimiglia with Senator COATS on the IDA section; Aaron Grau with Senator DEWINE for his help with migrant and seasonal Head Start; Robin Bowen with Senator MCCONNELL for her assistance on the CED correction; and Denzel McGuire with Chairman GOODLING for her help in assuring a smooth debate with the House.

Again, Mr. President, I am proud of this legislation and of all the work that has gone into it. I look forward to working with our House colleagues to approve final legislation, with broad bipartisan support, before the 105th Congress adjourns for the year.

I yield the floor.

Mr. MCCONNELL. Mr. President, I want to thank Senator COATS and Senator JEFFORDS for their exemplary work on the Coats Act's reauthorization of Head Start, Community Services Block Grants. Low-Income Home Energy Assistance, and the new authorization for an Individual Development Account demonstration.

In particular, I appreciate their commitment to address a matter of serious concern to me regarding provisions that would unintentionally impact the Rural Development Loan Fund currently administered by the U.S. Department of Agriculture.

The Coats Act includes the repeal of section 407 of the Human Services Reauthorization Act of 1986 and the Community Economic Development Act. These statutory repeals were included to achieve a reasonable clarification of the statutory authority held by the U.S. Department of Health and Human Services. Upon further examination of these provisions after the committee mark-up, we discovered that this house-keeping action for HHS would eliminate provisions essential to the USDA's administration of the Rural Development Loan Fund, a lending program that has provided vital economic support to several communities in Kentucky.

I understand that during conference, Senators COATS and JEFFORDS have agreed to recede to the House position and drop the Coats Act provisions that repeal section 407 and CEDA.

Mr. COATS. That is correct. We were attempting to do a significant cleanup of a statute that has not been modified in any real way since 1981. We were informed that these programs were obsolete and had not received funding from the Department of Health and Human Services for some time. We therefore, as part of a package of technical corrects identified to bring the statute into conformity, repealed these two programs. Senator MCCONNELL was very helpful in bringing this error to our attention and we have given him our assurance that it will be corrected in Conference with the House.

Mr. MCCONNELL. I thank the Senator from Indiana for his commitment to resolve this issue, and greatly appreciate his understanding of the Rural Development Loan Fund's importance to Kentucky's efforts to spur economic growth in rural areas.

Mr. DODD. Mr. President, I am very pleased that today we take up the reauthorization of the the Community Opportunities, Accountability, Training and Educational Services (COATS) Act, which includes Head Start, LIHEAP and the Community Service Block Grant. This bill is sponsored by Chairman JEFFORDS, Senator KENNEDY, Senator COATS, and myself, and was reported unanimously by the Labor and Human Resources Committee a month ago. This strong record of bipartisan support is a clear statement of how we all view these crucial programs. But it is also a testament to the leadership of Senator COATS on this legislation. As a tribute, we on the Committee insisted on naming this important bill after him.

This bill is fundamentally about improving the reach of opportunity in America to all of our citizens.

Head Start will serve over 830,000 children and their families this year; nearly 6,000 in my home state of Connecticut. These families and their children will receive access to the nation's leading child development program. Head Start focuses on the needs of the whole child. Inherently, we know that a child cannot be successful if he or she has unidentified health needs, if his or her parents are not involved in their education, and if he or she is not well-nourished or well-rested. Head Start is the embodiment of those concerns and works each day to meet children's critical needs.

The bill before us today further strengthens the Head Start program: We continue the expansion of the Early Head Start program, increasing the set aside for this program to 10 percent in FY 2002. Anyone who has picked up a magazine or newspaper within the last year knows how vital the first three years of a child's life are to their development. This program, which we established in 1994, extends comprehensive, high-quality services to these young children and their parents, to make sure the most is made of this window of opportunity.

We have added new provisions to encourage collaboration within states and local communities as well as within individual Head Start programs to expand the services they offer to families to full-day and full-year services, where appropriate, and to leverage other child care dollars to improve quality and better meet family needs.

We emphasize the importance of school readiness and literacy preparation in Head Start. While I think this has always been a critical part of Head Start, this bill ensures that gains will continue to be made in this area.

Mr. President, this bill puts Head Start on strong footing as we approach the 21st Century. It is a framework within which Head Start can continue to grow to meet the needs of more children and their families. What is unfortunate is that we cannot guarantee more funding for Head Start—I think it is shameful that there are waiting lists for Head Start and that only 40 percent of eligible children are served by this program. And Early Head Start, which is admittedly a new program, serves just a tiny fraction of the infants and toddlers in need of these services.

The President has set a laudable goal to reach 1 million children by 2002. But I say we need to do more. We need a plan to serve 2 million children—all those eligible and in need of services—as soon as possible.

Some argue that meeting the goal of fully funding Head Start will be too costly. Yes, it will cost a great deal to get there. But my question is how much more will it cost not to get there?

Studies show us that children in quality early childhood development programs, such as Head Start, start school more ready to learn than their non-Head Start counterparts. They are more likely to keep up with their classmates, avoid placement in special education, and graduate from high school. They are also less likely to become teenage mothers and fathers, go on welfare, or become involved in violence or the criminal justice system.

How much does it cost when we don't see these benefits?

I know this is an issue for another place and another venue. But I am hopeful as we strengthen the program we can also strengthen our resolve to expand this successful program to more children and their families.

Mr. President, the bill before us also makes important changes to the Community Services Block Grant program. CSBG makes funds available to states and local communities to assist low-income individuals and help alleviate the causes of poverty. One thousand local service providers—mainly Community Action Agencies—use these federal funds to address the root causes of poverty within their communities. CSBG dollars are particularly powerful because local communities have substantial flexibility in determining where these dollars are best spent to meet their local circumstances.

I have had the pleasure of visiting Community Action Agencies in Connecticut many times. They are exciting, vibrant places at the very center of their communities—filled with adults taking literacy and job training courses, children at Head Start centers, seniors with housing or other concerns, and youths participating in programs or volunteering their time.

To see clearly how critical the CSBG program is to the nation's low income families, one only needs to look at the statistics. The CSBG program in 1995 served more than 11.5 million people, or one in three Americans living in poverty. Three-quarters of CSBG clients have incomes that fall below the federal poverty guideline.

This bill recognizes the fundamental strength of this program and makes modest changes to encourage broader participation by neighborhood groups. In addition, it improves the accountability of local programs.

This bill also reauthorizes the vitally important Low Income Home Energy Assistance Program, or LIHEAP. Nearly 4.2 million low-income households received LIHEAP assistance during FY1996, more than 70,000 households in Connecticut. One quarter of those assisted by LIHEAP funds are elderly. Another 25 percent are individuals with disabilities. I cannot overvalue the importance of this assistance—it is nearly as necessary as food and water to a low-income senior citizen or family with children seeking help to stay warm in the winter—or as we have seen recently in the Southwest—to stay cool during the summer.

This bill makes no fundamental changes to the LIHEAP program. I am very pleased we increase the authorization of the program to $2 billion, which recognizes the great need for this help. I wish House appropriators, who eliminated the program earlier this month, shared this commitment to meeting these most basic needs. We also put into place a system to more accurately and quickly designate natural disasters. Early disaster designation will allow for the more efficient distribution of the critically important emergency LIHEAP funds, aiding States devastated by a natural disaster.

This bill contains one new, important program—the Individual Development Accounts, based on a bill offered by Senator COATS and Senator HARKIN. Individual Development Accounts, or IDA's, are dedicated savings accounts for very low income families, similar in structure to IRA's, that can be used to pay for post-secondary education, buy a first home, or capitalize a business. This program is a welcome addition to the Human Services Act family. The Assets for Independence title will provide low-income individuals and families with new opportunities to move their families out of poverty through savings.

This is strong bill and it is a good bill. And I want to thank Senator COATS again for his committed leadership on this important bill.

Mr. KENNEDY. Mr. President, the Human Services Reauthorization Act before us today is landmark legislation and is backed by a broad bi-partisan coalition. It represents legislation at its best, with Members on both sides of the aisle working closely together and with the Administration to achieve better results for America's children.

I commend Senator JEFFORDS, Senator COATS, and Senator DODD for their leadership in making this bill a reality. Together we have produced legislation that preserves and enhances these needed family programs while addressing the concerns that have been raised. Our bipartisan goal is to take these worthwhile programs and make them even better.

The pending bill is an important step toward a more effective family policy. This legislation consolidates, reorganizes, and reauthorizes services for poor families and their children by investing in programs to strengthen families, promote child development, and build communities. In keeping with efforts to reinvent government, the Act promotes one-stop shopping by consolidating several existing categorical programs into more comprehensive and coordinated programs. It improves performance by developing outcome measures and monitoring progress, and it puts families first by promoting self-sufficiency. We have worked carefully to draft a bill that addresses the concerns of Senators on both sides of the aisle. I urge my colleagues to support this important bill, and I urge my colleagues in the House, both Democrat and Republican, to join together as we have to provide services to America's families.

TITLE I: HEAD START ACT OF 1998

Title I of the bill reauthorizes Head Start while making improvements in this strong and effective program. The 1994 Act significantly improved the quality and scope of Head Start services. The bill before us today recognizes these successes and builds on them.

Before we acted in 1994, the Carnegie Foundation had released a report which called for a greater national effort to support low-income children, particularly those under age 3 who are at the greatest risk. The period between birth and age three is critical to be a child's development. Synapses not formed in a child's brain period can never be formed later.

We responded to these findings by introducing the Early Head Start program to provide comprehensive services to families who qualify for Head Start and who have children under age 3. We introduced this program by phasing it in gradually over 4 years, and it is now providing crucial services to 40,000 of the nation's neediest infants and toddlers.

The present bill continues to gradually expand this vital program, in keeping with advice from experts on child development. Early Head Start will be expanded to twice its size by 2002, so that 80,000 children can receive these services. This expansion will still serve only 1 out of every 25 eligible babies and toddlers, but it will give us more knowledge and experience on how to help most at this crucial period in children's lives.

We have also added to Early Head Start a training and technical assistance fund which will enable the program to grow in quality. To maximize its effectiveness, it is important to ensure the highest possible quality. The set-aside in Head Start has helped to maintain and improve the quality of these services, and Early Head Start needs similar safeguards.

In 1994, we also made significant improvements to Head Start by implementing stringent quality standards. As a result, dozens of programs not meeting these standards were closed down, and many more were brought back to health and now serve as strong programs. Today, we build on these improvements by adding requirements that ensure that children with disabilities will receive services appropriate to their needs and that Head Start centers will be physically accessible to children and their families. We have also sought more research, so that we can continue to build on this program in the most effective ways possible in future years.

This legislation also includes three other priorities. It reauthorizes and amends the Community Services Block Grant and the Low Income Home Energy Assistance Program, and it creates demonstration projects to study the benefits of Individual Development Accounts.

TITLE II: COMMUNITY SERVICES BLOCK GRANT ACT OF 1998

This bill recognizes the strength of the Community Services Block Grant program and leaves it largely unchanged. I am proud to have been a supporter of the Community Action Agencies funded under the CSBG block grants as long as I have been in the Senate. Robert Kennedy, as a Senator, sponsored the original Community Development Corporation legislation that is now funded under these block grants. Community Action Programs were created to respond to the complex social problems that face low-income individuals, families, and communities. These community-based public-private partnerships are a central part of the low-income service delivery network. In reauthorizing the Community Service Block Grant, we are promoting self sufficiency, family stability, and community revitalization.

TITLE III: LIHEAP

This legislation also reauthorizes the Low-Income Home Energy Assistance Program through the year 2004. For over four million LIHEAP beneficiaries across the nation, including 112,000 in Massachusetts, this program has made a major difference in the lives of thousands of working families and elderly households. Last week in Texas, for example, LIHEAP funds were made available to help families suffering from the triple-digit temperatures.

LIHEAP does more than just keep households warm in the winter and cool in the summer. It is also a lynchpin for self-sufficiency.

Many working parents are concerned about the health of their families. Researchers at Boston City Hospital have found that higher utility bills during the coldest months force low-income families to spend less money on food—the so-called ''heat or eat'' effect.

Unfortunately, the House Appropriations Committee voted to eliminate funding for this important program. Unless this funding is restored—and I am confident that it will be in the Senate—it will be a very cold Winter for millions of LIHEAP recipients across the nation.

By reauthorizing LIHEAP, the Senate will be placing this program on a solid footing for the future. I am especially pleased that this legislation includes provisions that I sponsored with Senators JEFFORDS and Senator HARKIN to clarify the criteria for the President to release emergency LIHEAP funds, so that needed funds can help low-income families adversely affected by hot or cold weather, ice storms, floods, earthquakes, and other natural disasters get through the emergency. In addition, it will enable the release of emergency LIHEAP funds if there is a significant increase in unemployment or home energy disconnections.

TITLE IV: INDIVIDUAL DEVELOPMENT ACCOUNTS

Finally, this bill establishes Independent Development Account demonstration projects. This program will determine whether providing matching funds to poor individuals using savings accounts is an effective way to encourage them to save for their futures and develop self sufficiency. States and towns with such programs have seen impressive results. The demonstration projects in today's bill will enable us to see whether these programs can be effective nationwide.

This bipartisan bill puts families first. It is an excellent example of what happens when we work together in the interest of American families. This legislation will benefit millions of families living in poverty, and will bring immeasurable benefits to our society as a whole. I urge the Senate to approve it.

Mr. HATCH. Mr. President, I ask unanimous consent the committee substitute be agreed to, the bill be read a third time, and passed, the motion to reconsider be laid upon the table, and that any statements relating to S. 2206 appear in the RECORD.

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

The Committee amendment was agreed to.

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

The bill (S. 2206), as amended, was passed.

VETO MESSAGE—H.R. 1122

Mr. HATCH. Mr. President, I ask unanimous consent that the veto message to accompany H.R. 1122, the Partial-Birth Abortion Ban Act, be considered as read, printed in the RECORD, and spread in full upon the Journal.

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

The veto message is as follows:

To the House of Representatives:

I am returning herewith without my approval H.R. 1122, which would prohibit doctors from performing a certain kind of abortion. I am returning H.R. 1122 for exactly the same reasons I returned an earlier substantially identical version of this bill, H.R. 1833, last year. My veto message of April 10, 1996, fully explains my reasons for returning that bill and applies to H.R. 1122 as well. H.R. 1122 is a bill that is consistent neither with the Constitution nor sound public policy.

As I have stated on many occasions, I support the decision in *Roe* v. *Wade* protecting a woman's right to choose. Consistent with that decision, I have long opposed late-term abortions, and I continue to do so except in those instances necessary to save the life of a woman or prevent serious harm to her health. Unfortunately, H.R. 1122 does not contain an exception to the measure's ban that will adequately protect the lives and health of the small group of women in tragic circumstances who need an abortion performed at a late stage of pregnancy to avert death or serious injury.

I have asked the Congress repeatedly, for almost 2 years, to send me legislation that includes a limited exception for the small number of compelling cases where use of this procedure is necessary to avoid serious health consequences. When Governor of Arkansas, I signed a bill into law that barred third-trimester abortions, with an appropriate exception for life or health. I would do so again, but only if the bill contains an exception for the rare cases where a woman faces death or serious injury. I believe the Congress should work in a bipartisan manner to fashion such legislation.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *October 10, 1997.*

Mr. HATCH. I further ask that the veto message be set aside, to be called up by the majority leader, after consultation with the Democratic leader.

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

ORDERS FOR TUESDAY, JULY 28, 1998

Mr. HATCH. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:45 a.m. on Tuesday, July 28. I further ask that when the Senate reconvenes on Tuesday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then resume consideration of H.R. 1151, the Credit Union Membership Access Act.

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

Mr. HATCH. I further ask that the Senate stand in recess from 11:55 a.m.

until 12:15 p.m., and then again from 2:45 p.m. until 3:45 p.m. so that Members may attend the memorial services for the fallen Capitol Hill police officers.

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

PROGRAM

Mr. HATCH. For the information of all Senators, when the Senate reconvenes on Tuesday at 9:45 a.m., there will be 15 minutes for closing remarks on the Shelby amendment to the credit union bill. At the conclusion of that debate, at approximately 10 a.m., the Senate will proceed to vote on or in relation to the amendment. Following that vote, it is hoped that the Senate will move quickly to pass the credit union bill.

After disposition of that legislation, the Senate may begin consideration of the Treasury-Postal appropriations bill. It is also possible during Tuesday's session for the Senate to begin consideration of health care legislation, other appropriations bills, any available conference reports, and any other executive or legislative items cleared for action.

The majority leader would like to remind Members that the Senate will recess from 11:50 a.m. until approximately 12:15 p.m., and then again from 2:45 p.m. until 3:45 p.m. so that Senators may attend the memorial services in the Rotunda for the fallen police officers.

ORDER FOR ADJOURNMENT

Mr. HATCH. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the provisions of H. Con. Res. 310 in memory of the two fallen police officers following the remarks of the distinguished Senator from West Virginia, Senator BYRD.

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

Mr. HATCH. I thank my colleague for allowing us to do that.

THE PRESIDING OFFICER. The Senator from West Virginia is recognized.

(The remarks of Mr. BYRD pertaining to the introduction of S. 2358 located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. BYRD. Mr. President, I yield the floor, but before doing so, I thank the distinguished Presiding Officer, who has been so patient in doing his duty in the Chair.

ADJOURNMENT UNTIL 9:45 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned as a further mark of respect to the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut, until 9:45 a.m., Tuesday, July 28, 1998.

Thereupon, the Senate, at 7:23 p.m., adjourned until Tuesday, July 28, 1998, at 9:45 a.m.