SENATE—*Tuesday, July 20, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

O God of history, You have been the guiding light for the Senate for 210 years. We trust You to lead us forward today. In the midst of the debate over crucial issues, we need Your divine intervention and inspiration. Give the Senators strength to communicate their perception of truth with mutual respect and without rancor. May they seek Your guidance in the exercise of the essence of democracy in vital debate. Help them to know that speaking the truth as they see it will contribute to a greater understanding than any one person could achieve alone. When we trust You, things go more smoothly and work gets done with greater excellence. Whatever happens to or around us today, we know we can count on You for strength in any stress and courage in any crises. We gratefully remember times when Your guidance brought consensus out of conflict and creative decisions out of discord. Thank You for the new page in the history of the Senate that will be written today.

Gracious Father, in addition to our continued prayers for the Kennedy family, today as a Senate we mourn the death of Kenneth C. Foss who worked with the Republican Policy Committee. We praise You for his brief life and his great leadership. In the name of our Lord. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore. Senator VOINOVICH is now designated to lead the Pledge of Allegiance.

The Honorable GEORGE VOINOVICH, a Senator from the State of Ohio, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE MAJORITY LEADER

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

Mr. LOTT. I thank the Chair.

SCHEDULE

Mr. LOTT. Today the Senate will resume debate on the motion to proceed to the intelligence authorization bill with the cloture vote occurring at 10:30 a.m. Following the vote, Senator SMITH of New Hampshire will be recognized to make a motion to discharge from the Finance Committee S.J. Res. 28 regarding the trade status with Vietnam. Therefore, Senators can expect an additional vote prior to the weekly party caucus meetings. The Senate will recess from 12:30 to 2:15 so that the party conferences can meet and have lunch. Senator SMITH will again be recognized under a privileged resolution at 2:15 to offer a second motion to discharge from the Finance Committee S.J. Res. 27 regarding trade status with China. There will be 1 hour of debate on the motion with the vote occurring at approximately 3:15 p.m. Senators may also expect further action on the intelligence authorization bill or any appropriations bills on the calendar during today's session.

INTELLIGENCE AUTHORIZATION

Mr. President, there was debate yesterday on the intelligence authorization bill. Senator SHELBY, the chairman of the Intelligence Committee, and Senator KERREY, the ranking member, spoke on the importance of intelligence authorization. They have been doing good work together in a bipartisan way, as they should on matters of intelligence. This is a very important bill, one we should move forward as expeditiously as we can. Of course, the issue that is still being debated in connection with this intelligence authorization bill is, how do we deal with reorganizing the Department of Energy so we can stop the leaks that have been occurring at our labs.

There was a report in the papers just this morning that while some progress has been made in some areas, the necessary actions to stop these leaks and make sure they don't happen in the future haven't even begun. Senator DOMENICI, Senator KYL, and Senator MURKOWSKI have done real good work in this area. This should be a bipartisan solution where we get the focus at the Department of Energy rearranged in such a way that there is direct reporting so we have a quasi-autonomous agency within the Department of Energy. I hope we can still find a way to get this done because the American people understand that real damage has already been done. We should make sure, at the minimum, that it will not continue in the future.

I thank my colleagues for their attention. I yield the floor.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from California.

ORDER OF PROCEDURE

Mrs. BOXER. I would like to take about 5 minutes to pay tribute to Congressman George Brown and to John F. Kennedy, Jr., and those who perished with him. I wonder if I could take that 5 minutes at this point. I ask unanimous consent to do that.

Mr. KYL. Mr. President, we have 1 hour this morning to debate a very serious proposition. We are prepared to do that. The time is equally divided. I would have no objection to the Senator from California taking the time from the Democratic side, but we have at least 30 minutes of conversation on our side that we want to use. We need to have a vote at 10:30 today.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, leadership time is reserved.

There is ordered to be 1 hour of debate equally divided between the Senator from New Mexico, Mr. DOMENICI, and the Democratic leader, Mr. DASCHLE, or their designees prior to the cloture vote.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I ask unanimous consent that the Senator from California be allowed to proceed for not more than 5 minutes and that time not be taken out of the hour previously agreed to, delaying the 1-hour debate just a few minutes, and the vote would occur at 10:40 instead of 10:30.

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

The Senator from California.

Mrs. BOXER. I thank the Chair. I thank the majority leader for his graciousness.

A NATION'S LOSS

Mrs. BOXER. Mr. President, Californians have been deeply saddened and moved by a number of losses we have faced. One involves the death of the senior member of our California Democratic delegation, George Brown, who was a beloved Congressman on both sides of the aisle. As a matter of fact, one of the Republicans in the House said on his passing, if everyone was like George Brown, we would not need to go on retreats to find out how to get along better with one another.

George Brown was that kind of person. George was a man of great compassion, of great reason. He was consistent. He never changed his views according to the polls. He was a mentor

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

of mine when he ran for the Senate in 1970, which takes us back a long time. I very proudly worked on his campaign simply as a volunteer. He was an advocate for science and technology, and although he was 79 years old, he was an ageless person. He had so many young ideas, and he was so future oriented.

The Nation faced the tragedy that befell the Kennedy family once again with the tragic loss of John F. Kennedy, Jr., and his wife and her sister. The press was calling and asking for a comment. I said it truly is a tragedy beyond words. I think at times such as these all you can really do is pray that the family will be able to cope with a loss of such enormity.

I particularly want to spend a moment talking about my colleague, TED KENNEDY, because after all the tragedies with which the family has had to deal, TED has become a real father figure to the entire next generation of Kennedys. I know how Senator KENNEDY teaches those of us who have not been here as long as he, how he monitors us and guides us.

I can just imagine the close bond he had with John Kennedy, Jr., and what this has done to his heart. I know when he does come back, every one of us will give him our strength.

When President Kennedy died, Robert Kennedy said the following. He said:

When I think of President Kennedy, I think of what Shakespeare said in Romeo and Juliet:

When he shall die,
take him and cut him out into stars
and he shall make the face of heaven so fine
that all the world will be in love with night
and pay no worship to the garish sun.

I think when we think of John Kennedy, Jr., we will think of him sharing in those bright stars.

To close, I have a poem that was written by someone who is in her thirties. I think the words will have meaning for those who look to John, Jr., for their future. This is what it is called: ''If Only We Could Have Said Goodbye.''

Our special son
the namesake he
of honorable tradition
to serve our great country

Passed down through generations
of dedicated, determined souls
He understood our devotion
and carried with him a nation's hope

This honor never did he shun
In public he graced us well
With patience he regaled us
with tales
Of hiding behind
the Oval's chair,
Or that indelible salute

We mourned together his father's fate
While marveling his mother's grace
These traits were passed on to Kennedy's own
to John, indeed

Could he be the return of Camelot?
We wondered
and inside we cheered this Kennedy's fate
with the wish that he could fulfill in his time
those hopes left so unmade

Or perhaps
just share with us,
a bit of the mystery, a bit of your name
If only we could have said goodbye

Mr. President, it is a sad day across this land. Our prayers are with the Kennedy family and the Bessette family.

I thank the majority leader for yielding me this time.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—MOTION TO PROCEED—Resumed

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I thank the Chair.

I understand I am in charge of our half hour.

I say to the other side, you have a half hour on this also. We clearly would like to move back and forth with the time on each side for various speakers, but for now we have two or three speakers who have already indicated they want to address this issue. So I yield 8 minutes to the distinguished Senator from Arizona, Mr. KYL. Then, within the next 30 or 40 minutes, if Senator FRANK MURKOWSKI, the chairman of the Energy and Natural Resources Committee, desires to speak, we will give him some time. I understand the Senator from Kentucky would like to speak on our side also, so we will make time for him.

We will proceed now. I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Thank you, Mr. President.

First, I thank Senator DOMENICI for his leadership on this issue. It was really his leadership that brought this entire matter of reorganization of the Department of Energy to the fore. I appreciate his ability to predict what the President's Foreign Intelligence Advisory Board was going to be recommending to the President because indeed it was Senator DOMENICI's idea for the reorganization of the Department of Energy that eventually the Rudman board, the President's Foreign Intelligence Advisory Board—it was really that same idea that was recommended by the President's board which we have embodied in legislation that we bring to the floor.

As the leader announced a few minutes ago, at 10:40 this morning we will vote on whether to invoke cloture on a motion to proceed to the intelligence authorization bill, which will include this reorganization of the Department of Energy amendment.

This is the amendment Senator DOMENICI, Senator MURKOWSKI, and I have drafted with the purpose to halt the ongoing losses of our Nation's most sensitive military secrets from our Nation's laboratories.

As I look back over the last few months, it seems as if every week brought more news about Chinese espionage at our National Laboratories, about how the Chinese have obtained our country's nuclear secrets.

In May, the declassified version of the Cox committee report was released. It painted a sobering picture of the increased danger the United States now faces as a result of the Chinese espionage at our nuclear labs. This bipartisan committee unanimously concluded that China stole classified information on every nuclear warhead currently in the U.S. arsenal, as well as the neutron bomb—literally the crown jewels of our nuclear stockpile.

Worst still, the Cox committee noted that China also acquired other advanced American technology, including missile guidance and reentry vehicle technology, the results of developmental work on electromagnetic weapons that could be used to attack satellites and missiles, and radar technology and techniques that may someday allow China to track U.S. Navy submarines while they are submerged beneath the ocean's surface.

Chinese acquisition of this technology is particularly troublesome because the majority of its roughly 20 long-range nuclear missiles are aimed at U.S. cities. As we all know, the United States currently has no defense against missile attack.

Although one individual at the Los Alamos Laboratory, Wen Ho Lee, has been fired, Chinese espionage at our nuclear labs is presumably ongoing today. As the Cox committee stated in its report, China has engaged in a ''sustained espionage effort targeted at United States nuclear weapons facilities.''

Furthermore, the report notes: ''The successful penetration by [China] of our nuclear weapons laboratories has taken place over the last several decades, and almost certainly continues to the present.''

After the effects of China's espionage came to light earlier this year, the President asked the Foreign Intelligence Advisory Board, led by former Senator Warren Rudman, to examine why China was able to steal our nuclear secrets. The President's board released its findings in June, calling for sweeping organizational reform of the Energy Department to address what it described as ''the worst security record on secrecy'' that the panel members ''have ever encountered.''

The Presidential panel cited as the root cause of DOE's poor security record ''organizational disarray, managerial neglect, and a culture of arrogance . . . [which] conspired to create an espionage scandal waiting to

happen.'' Terrible problems were uncovered during the panel's investigation. For example, employees at nuclear facilities compared their computer systems to automatic teller machines, allowing top secret withdrawals at our Nation's expense.

As public pressure has grown, Energy Secretary Richardson has announced various reforms; but these steps have been criticized as too little too late. In fact, the President's own advisory panel said, ''We seriously doubt [Energy Secretary Richardson's] initiatives will achieve lasting success,'' and noted ''these initiatives simply do not go far enough.'' In fact, though the Energy Secretary says he and his Department are on top of the situation, the Presidential panel warned that ''the Department of Energy is a dysfunctional bureaucracy that has proven it is incapable of reforming itself.'' Instead, the panel recommended that Congress reorganize the Department.

That is what Senator DOMENICI, Senator MURKOWSKI, and I have written legislation to do, to implement this recommendation of the President's advisory group. Our proposal would gather all of the parts of the nuclear weapons program under one semiautonomous agency within the Energy Department. It would separate the nuclear weapons work at the Energy Department from the other things they do there, such as setting efficiency standards for refrigerators.

The new agency will have clear lines of authority, responsibility, and accountability, with one person in charge, who will continue to report to the Energy Secretary. This would replace the current tangled bureaucratic structure that has led to the situation where everyone is responsible so no one is responsible. This is the only way to ensure that new security and counterintelligence measures are implemented to prevent future espionage from occurring unchecked.

I am pleased that the legislation enjoys broad bipartisan support. In addition to Senator DOMENICI, who chairs the Energy and Water Appropriations Subcommittee, and Senator MURKOWSKI, who chairs the Energy Committee, it is cosponsored by the chairman and vice chairman of the Intelligence Committee, Senators SHELBY and KERREY; the chairman of the Armed Services Committee and its subcommittee chairman on Strategic Forces, Senator WARNER and Senator SMITH; the chairman of the Governmental Affairs Committee, Senator THOMPSON; the chairman of the Foreign Relations Committee, Senator HELMS; the former chairman of the Intelligence Committee, Senator SPECTER; as well as Senators FEINSTEIN, HUTCHINSON, GREGG, BUNNING, FITZGERALD, and the distinguished majority leader, Senator LOTT.

Despite Secretary Richardson's recent announcement that he is prepared to drop his opposition to the creation of a semiautonomous agency, the reality is that he continues to oppose the core concepts underlying such an agency. Despite extensive discussions that the sponsors have had with the Secretary and his staff, he continues to oppose our legislation.

The time has clearly come for the Senate to debate and adopt strong measures to safeguard our Nation and its nuclear secrets. As my colleagues will recall, in May Senators DOMENICI and MURKOWSKI and I attempted to offer a similar amendment to the defense authorization bill which was met with a Democratic filibuster and a threat by the Energy Secretary that he would recommend the President veto the bill. In justifying his refusal to allow debate or even a vote on our amendment, the Democratic whip termed our proposal ''premature'' and urged the Senate to hold hearings on the measure.

Over the past 2 months, four committees of the Senate have held six hearings specifically on our amendment. Furthermore, in the time since we first offered our amendment to the defense authorization bill, the Presidential panel headed by former Senator Rudman has published its report vindicating the approach of our original amendment. It is well past time to fix the chronic problems at our nuclear weapons facilities. Failure to move forward will only further jeopardize our Nation's security.

I urge my colleagues on the other side of the aisle to rise above partisan politics, not to vote for obstruction and vulnerability but instead to vote in favor of cloture so the Senate can debate this important amendment.

Mr. DOMENICI. Mr. President, I yield 5 minutes to Senator MURKOWSKI.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I thank my friend, Senator DOMENICI.

Yesterday we had an opportunity to discuss the pending amendment at some length. I think I spoke for some 45 minutes, so I will not repeat what I said yesterday, but I am going to focus in on why we need this amendment.

This whole issue associated with the lack of security in our labs has received a lot of attention over the last several months. My committee, the Committee on Energy and Natural Resources, has held nine hearings. We had the pleasure of getting together with four other committees—the Government Affairs Committee, the Armed Services Committee, the Intelligence Committee, joining with the Energy Committee—and it was the first time we had ever assembled four committees together. We had over 30 Senators present. So there has been a good deal of time, effort, and examination on this matter.

I am very pleased to join Senator DOMENICI, Senator KYL, and a number of other cosponsors, including Senators KERREY, LOTT, FEINSTEIN, SMITH, GREGG, HUTCHINSON, SHELBY, WARNER, BUNNING, HELMS, FITZGERALD, SPECTER, THOMPSON, and others in bringing this matter before the Senate.

We need this amendment because time is passing. This report, the Rudman report, entitled ''Science At Its Best, Security At Its Worst,'' in effect says it all. This was the expert panel authorized by the President, a special investigative panel of the President's Foreign Intelligence Advisory Board headed by former Senator Rudman. Again, the emphasis is on the title, recognizing that science has contributed probably the best in the world at the labs, but security at its worst.

Now, why do we need this amendment? Why do we need it now? I will be very brief. I am going to give you a few quotes from the Rudman report.

> Organizational disarray, managerial neglect and a culture of arrogance, both at the Department of Energy headquarters and the labs themselves, conspired to create an espionage scandal waiting to happen.

Further from the report:

> The Department of Energy is a dysfunctional bureaucracy that has proven it is incapable of reforming itself.

Further:

> Accountability at the Department of Energy labs has been spread so thinly and erratically that it is now almost impossible to find.

That is the key word—''accountability.'' We had no accountability, as we look back on the espionage charges associated with the alleged Wen Ho Lee affair, no accountability. There it is.

Further, I quote:

> Never have the members of the special investigative panel witnessed a bureaucratic culture so thoroughly saturated with cynicism and disregard for authority.

Further, I quote:

> Never before has this panel found such a cavalier attitude toward one of the most serious responsibilities in the Federal Government: control of the design information relating to nuclear weapons.

Further, I quote:

> Never before has the panel found an agency with the bureaucratic insolence to disrupt, delay and resist implementation of a presidential directive on security.

These are but a few of the quotes from the Rudman report. These few quotes and the full report itself speak eloquently about the need for this amendment, the justification for this amendment. While considering whether to vote for or against this amendment and the motion to invoke cloture, there is really only one relevant question: Do you want to put an end to lax management practices at the Department of Energy that have contributed to the poor security? In other words, do you want to fix it? Or do you want to do everything you can to prevent espionage from occurring again, further damaging national security?

I urge Members to vote for cloture.

I ask unanimous consent that excerpts from ''Science at its Best; Security at its Worst'' be printed in the RECORD.

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

SELECTED EXCERPTS FROM THE PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD REPORT: SCIENCE AT ITS BEST; SECURITY AT ITS WORST: A REPORT ON SECURITY PROBLEMS AT THE U.S. DEPARTMENT OF ENERGY

Findings (pp. 1–6):

As the repository of America's most advanced know-how in nuclear and related armaments and the home of some of America's finest scientific minds, these labs have been and will continue to be a major target of foreign intelligence services, friendly as well as hostile. p.1

More than 25 years worth of reports, studies and formal inquiries—by executive branch agencies, Congress, independent panels, and even DOE itself—have identified a multitude of chronic security and counterintelligence problems at all of the weapons labs. p.2

Critical security flaws—have been cited for immediate attention and resolution—over and over and over—ad nauseam.

The open-source information alone on the weapons laboratories overwhelmingly supports a troubling conclusion: their security and counterintelligence operations have been seriously hobbled and relegated to low-priority status for decades. p.2

. . . the DOE and its weapons labs have been Pollyannaish. The predominant attitude toward security and counterintelligence among many DOE and lab managers has ranged from half-hearted, grudging accommodation been to smug disregard. Thus the panel is convinced that the potential for major leaks and thefts of sensitive information and material has been substantial.

Organizational disarray, managerial neglect, and a culture of arrogance—both at DOE headquarters and the labs themselves—conspired to create an espionage scandal waiting to happen. pp.2–3

Among the defects this panel found:

Inefficient personnel clearance programs. Loosely controlled and casually monitored programs for thousands of unauthorized foreign scientists and assignees.

Feckless systems for control of classified documents, which periodically resulted in thousands of documents being declared lost.

Counterintelligence programs with part-time CI officers, who often operated with little experience, minimal budgets, and employed little more than crude ''awareness'' briefings of foreign threats and perfunctory and sporadic debriefings of scientists . . .

A lab security management reporting system that led everywhere but to responsible authority.

Computer security methods that were naive at best and dangerously irresponsible at worst.

DOE has had a dysfunctional management structure and culture that only occasionally gave proper credence to the need for rigorous security and counterintelligence programs at the weapons labs. For starters, there has been a persisting lack of real leadership and effective management at DOE.

The nature of the intelligence-gathering methods used by the People's Republic of China poses a special challenge to the U.S. in general and the weapons labs in particular. p.3

Despite widely publicized assertions of wholesale losses of nuclear weapons technology from specific laboratories to particular nations, the factual record in the majority of cases regarding the DOE weapons laboratories supports plausible inferences—but not irrefutable proof—about the source and scope of espionage and the channels through which recipient nations received information. pp.3–4.

The actual damage done to U.S. security interests is, at the least, currently unknown; at worst, it may be unknowable.

The Department of Energy is a dysfunctional bureaucracy that has proven it is incapable of reforming itself. p. 4

Accountability at DOE has been spread so thinly and erratically that it is now almost impossible to find.

Reorganization is clearly warranted to resolve the many specific problems with security and counterintelligence in the weapons laboratories, but also to address the lack of accountability that has become endemic throughout the entire Department. p. 4

Convoluted, confusing, and often contradictory reporting channels make the relationship between DOE headquarters and the labs, in particular, tense, internecine, and chaotic.

The criteria for the selection of Energy Secretaries have been inconsistent in the past. Regardless of the outcome of ongoing or contemplated reforms, the minimum qualifications for an Energy Secretary should include experience in not only energy and scientific issues, but national security and intelligence issues as well. p. 5

DOE cannot be fixed with a single legislative act: management must follow mandate. The research functions of the labs are vital to the nation's long term interest, and instituting effective gates between weapons and nonweapons research functions will require both disinterested scientific expertise, judicious decision making, and considerable political finesse. p. 5

Thus both Congress and the Executive Branch . . . should be prepared to monitor the progress of the Department's reforms for years to come.

The Foreign Visitor's and Assignments Program has been and should continue to be a valuable contribution to the scientific and technological progress of the nation. p. 5

That said, DOE clearly requires measures to ensure that legitimate use of the research laboratories for scientific collaboration is not an open door to foreign espionage agents.

In commenting on security issues at DOE, we believe that both Congressional and Executive branch leaders have resorted to simplification and hyperbole in the past few months. The panel found neither the dramatic damage assessments nor the categorical reassurances of the Department's advocates to be wholly substantiated. pp. 5–6

However, the Board is extremely skeptical that any reform effort, no matter how well-intentioned, well-designed, and effectively applied, will gain more than a toehold at DOE, given its labyrinthine management structure, fractious and arrogant culture, and the fast-approaching reality of another transition in DOE leadership. Thus we believe that he has overstated the case when he asserts, as he did several weeks ago, that ''Americans can be reassured: our nation's nuclear secrets are, today, safe and secure.''

Fundamental change in DOE's institutional culture—including the ingrained attitudes toward security among personnel of the weapons laboratories—will be just as important as organizational redesign. p. 6

Never have the members of the Special Investigative Panel witnessed a bureaucratic culture so thoroughly saturated with cynicism and disregard for authority. Never before has this panel found such a cavalier attitude toward one of the most serious responsibilities in the federal government—control of the design information relating to nuclear weapons. Particularly egregious have been the failures to enforce cyber-security measures to protect and control important nuclear weapons design information, Never before has the panel found an agency with the bureaucratic insolence to dispute, delay, and resist implementation of a Presidential directive on security, as DOE's bureaucracy tried to do the Presidential Decision Directive No. 61 in February 1998.

The best nuclear weapons expertise in the U.S. government resides at the national weapons labs, and this asset should be better used by the intelligence community. p. 6.

Reorganization pp. 43–53:

The panel is convinced that real and lasting security and counterintelligence reform at the weapons labs is simply unworkable within DOE's current structure and culture. To achieve the kind of protection that these sensitive labs must have, they and their functions must have their own autonomous operational structure free of all the other obligations imposed by DOE management. *We strongly believe that this cleaving can be best achieved by constituting a new government agency that is far more mission-focused and bureaucratically streamlined than its antecedent, and devoted principally to nuclear weapons and national security matters.* (emphasis in original) p. 46

The agency can be constructed in one of two ways. It could remain an element of DOE but become semi-autonomous—by that we mean strictly segregated from the rest of the Department. This would be accomplished by having the agency director report only to the Secretary of Energy. The agency directorship also could be ''dual-hatted'' as an Under Secretary, thereby investing it with extra bureaucratic clout both inside and outside the Department. p. 46

Regardless of the mold in which this agency is cast, it must have staffing and support functions that are autonomous from the remaining operations at DOE. p. 46

To ensure its long-term success, this new agency must be established by statute. p. 47

Whichever solution Congress enacts, we do feel strongly that the new agency never should be subordinated to the Defense Department. p. 47

Specifically, we recommend that the Congress pass and the President sign legislation that: pp. 47–49

Creates a new, semi-autonomous Agency for Nuclear Stewardship (ANS), whose Director will report directly to the Secretary of Energy.

Streamlines the ANS/Weapons Lab management structure by abolishing ties between the weapons labs and all DOE regional, field and site offices, and all contractor intermediaries.

Mandates that the Director/ANS be appointed by the President with the consent of the Senate and, ideally, have an extensive background in national security, organizational management, and appropriate technical fields.

Stems the historical ''revolving door'' and management expertise problems at DOE. . . .

Ensures effective administration of safeguards, security, and counterintelligence at all the weapons labs and plants by creating a coherent security/CI structure within the new agency.

Abolishes the Office of Energy Intelligence.

Shifts the balance of analytic billets . . . to bolster intelligence community technical expertise on nuclear matters.

Mr. MURKOWSKI. Mr. President, I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I ask the Senator from New Mexico, how is the time being controlled?

Mr. DOMENICI. The Senator from Nebraska has 30 minutes and has used none of it.

Mr. KERREY. Do I have to use my time to speak against or not?

Mr. DOMENICI. The Senator may speak either way.

Mr. KERREY. Mr. President I yield such time as is necessary from our side to speak in favor of the Kyl-Domenici-Murkowski amendment.

I believe this reorganization plan complements the reforms already included in our defense authorization bill as well as the reforms set forth by Secretary Richardson and that they help him achieve his mission. This plan, which is contained in this amendment, will sustain and improve the extraordinary science performed by the nuclear laboratories of the Energy Department while significantly improving security and counterintelligence.

Under this reorganization, the Secretary of Energy will set policy and maintain authority over all elements of the new Agency for Nuclear Stewardship. The agency director will then implement his policy and demand that the highest security standards are maintained within the nuclear weapons laboratories.

This plan reduces the bureaucracy that both stifles scientific endeavors and hinders security and counterintelligence at our laboratories. The agency will maintain the links between the weapons labs and other labs in parts of the Department of Energy, thereby preserving the capability to cross-fertilize science that is being performed in different programs and in different locations.

Numerous reviews that have been performed over the past 25 years by executive branch agencies, the General Accounting Office, the Congress, independent panels, and the Energy Department itself have found security wanting and lax at all of the weapons laboratories. A spate of espionage cases over the last 15 years, cases involving the potential theft of our most potent nuclear weapons designs, shows that counterintelligence at the Energy Department needs serious improvement. In recent hearings, witnesses before the Senate Select Committee on Intelligence and other committees have described the confused lines of authority, lack of accountability, and both inadvertent and conscious disregard for security concerns.

Last month the President's National Foreign Intelligence Advisory Board, the PFIAB, led by former Senator Warren Rudman, issued the latest in a long series of reports critical of security and counterintelligence at the weapons laboratories.

In its report entitled ''Science At Its Best, Security At Its Worst,'' the PFIAB found that ''organization disarray, managerial neglect and a culture of arrogance both at DOE headquarters and the labs themselves, conspired to create an espionage scandal waiting to happen.''

In response to these problems, the Rudman panel calls for reorganization as necessary ''to resolve the many specific problems with security and counterintelligence in the weapons laboratories but also to address the lack of accountability that has become endemic throughout the entire Department.''

The new structure envisioned in this amendment strengthens the management structure overseeing the nuclear weapons laboratories. By removing the unnecessary involvement of redundant officials in the running of the labs, the new Agency for Nuclear Stewardship sets both clear lines of authority and defined lines of accountability in how the labs are managed. This helps assure that policy directives are properly and expeditiously developed, and that officials can be held accountable for success and failure related to scientific research and security measures.

No management structure, however well designed, can be effective if the personnel filling the organization chart are not up to the job. The Under Secretary for Nuclear Stewardship will be appointed by the President and subject to the advice and consent of the Senate. He or she will be required by statute to have an extensive background in national security, organizational management, and the appropriate technical areas relevant to weapons design work. This individual will be assisted within the Agency by three Deputy Directors for defense programs, nonproliferation and materials disposition, and naval reactors. To promote security throughout the Agency, the Director will be assisted by a Chief of Nuclear Stewardship Counterintelligence, a Chief of Nuclear Stewardship Security, and a Chief of Nuclear Stewardship Intelligence who will work to promote the awareness of and implement measures related to security and counterintelligence.

Under this amendment, the Under Secretary will have the necessary authority to effectively manage the Agency for Nuclear Stewardship. This Under Secretary will follow the policies established by the Secretary. The Agency's subordinate security, counterintelligence, and intelligence chiefs will follow policies developed by their corresponding Energy Department offices and approved by the Secretary.

The point here is that the Secretary remains accountable, the Secretary retains authority, and as a consequence, the Secretary retains responsibility for the work that is being done.

This amendment essentially, under statute, will remove much of the middle-level structure that has built up over the years, which has made it extremely difficult to manage and almost impossible to determine who is responsible. Despite the end of the cold war, our Nation still faces a nuclear threat, and that threat continues to grow. We must not allow the nuclear secrets paid for by the toil and ingenuity of Americans to become tools of those who may wish to harm our Nation. The new Agency for Nuclear Stewardship will help protect those secrets and keep our nuclear arsenal the most advanced and safest among nations.

Mr. President, I yield the floor.

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. DOMENICI. 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. DOMENICI. Mr. President, I yield 5 minutes off our side to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BUNNING. Mr. President, our national laboratories have become revolving doors. On the way in, you have billions of dollars from the taxpayers to research and develop the most sophisticated weapons in the world, and on the way out you have all the plans and information any country needs to build a nuclear weapon.

Unfortunately, the doors to our labs are still open. While the Department of Energy has made some cosmetic changes in their security procedures, we are still stuck with the same bureaucratic mess that created this problem.

There is no accountability. Not one person has stood up and said, ''the buck stops here.''—Not the lab directors—not any of the former Secretaries of Energy—not even the President has taken any responsibility for what occurred at Los Alamos Laboratory.

It is clear that our nuclear weapons programs are in desperate need of accountability, leadership, and supervision. The amendment we are debating today will provide these essential ingredients.

Mr. President, the Kyl-Domenici-Murkowski amendment, creates a new agency for nuclear stewardship, which will provide clear lines of authority and responsibility within the Department of Energy. It will be managed by an administrator who will be directly

responsible for all nuclear weapons production. Finally, someone will be able to say, ''the buck stops here.''

In addition, the amendment will codify an Office of Counterintelligence in the Department of Energy. The Director of this Office will have the power to create preventative programs to make sure this kind of espionage does not occur again.

The administration has proposed a number of band-aid type reforms, but none of them get to the heart of the problem. There are too many tangled lines of authority within the Department of Energy, and no one wants to take responsibility.

According to the Cox report, ''the PRC's theft of nuclear secrets from our National Weapons Laboratories enabled the PRC to design, develop, and successfully test modern strategic nuclear weapons sooner than would otherwise have been possible.''

Since the Chinese, who sell weapons around the world have these secrets, we can only ask who else may have this information. Iran? Iraq? Syria? North Korea?

While it is scary to think about who may have access to our nuclear secrets, it is even more frightening to think that this kind of espionage could still be going on. We need the clear lines of authority and leadership that would be established by the Kyl-Domenici-Murkowski amendment, to close the revolving door.

Mr. President, I urge all of my colleagues to vote for cloture and support this important amendment.

I yield the floor.

Mr. DOMENICI. Mr. President, might I ask the distinguished Senator, Mr. BUNNING, would he like to speak for an additional couple of minutes?

Mr. BUNNING. I have finished. I thank the Senator. I have completed my statement.

Mr. DOMENICI. Mr. President, I don't know how we are going to use the rest of the time. I will use a little bit of time. If anyone wants to speak on either side of the issue, there is some time between now and 10:40 or so when we are going to vote on cloture. I yield myself such time as I may use.

I, too, urge that everybody vote for cloture. There is absolutely no reason for us not to proceed with the intelligence bill, which has been carefully thought out. It is not my bailiwick. I am not a chairman, cochairman, or a member, but I have attended meetings with them since the breaking news about the Chinese and their involvement in gathering up very secure and secret information from the United States through our laboratories.

That bill should not be held up, and the Senate has already agreed by unanimous consent that when it comes up—the amendment we are alluding to, the amendment that has been talked about now for a number of weeks, has been prepared in its final form for some time. It has been circulated to whomever needs it. It has been discussed in various committees, and it has been criticized, praised, and modified.

Before it came to the floor, it had the input from the now famous board that Senator Rudman headed with four other distinguished Americans with great expertise in the area. Their recommendations are in the amendment. We had people who know the Department and who know the Department of Defense help us draft it. It was conceived and being prepared even before the Rudman board made their final recommendations.

Personally this Senator had arrived at the conclusion that something drastic had to be done even before the report. Now we can have some time this afternoon and this evening for those who want to argue about the potency of this amendment or whether it has some shortcomings to offer amendments.

We will be meeting at about 11:30 in the leader's office with five or six Senators who have a particular interest or bipartisan interests and may have amendments. We will be meeting in the leader's office to see if we can't discuss them.

I hope Senators who have raised issues about it and who have indicated they have amendments will join us and be prepared to talk on our bill on which they have amendments, and to bring forth their ideas also.

Later in the day, if we continue to debate this issue, I will have more to say about why we need it, and I will discuss the specific provisions of this amendment in more detail.

Let me just quickly read three or four provisions that I think should dispel some of the concerns that have been raised. If they do not quite do the job, let's talk about it.

On page 2 of the amendment, for those who are wondering whether the Secretary of Energy, a Cabinet member, will still be in charge of this semiautonomous agency, when you call it ''semiautonomous,'' it means that somebody is in control of it and, therefore, it is not autonomous. That is why semiautonomous is included as a description.

But the amendment says, first:

> The Secretary shall be responsible for all policies of the agency. The Under Secretary for Nuclear Stewardship shall report solely and directly to the Secretary, and shall be subject to the supervision and direction of the Secretary.

Skipping on a bit, to page 2 of the amendment:

> The Secretary may direct other officials of the Department who are not within the Agency for Nuclear Stewardship to review the agency's program and to make recommendations to the Secretary regarding the administration of such programs, including the consistency with other similar programs and activities of the Department.

There are some who want to make sure the Secretary has sufficient input, that he will have sufficient opportunity to look at what they are doing and make determinations as to the propriety of consistency with the Secretary's policies.

I think what we just said makes the case.

This morning, one of those writers who has been covering the deliberations in the Washington Post talked about the chief of nuclear stewardship counterintelligence and how there might be some inconsistency within that particular person's effort and what the Secretary's policies are on counterintelligence.

I refer to page 4 of the amendment. I read the following at the bottom of the page:

> The Chief of Nuclear Stewardship Counterintelligence shall report to the Under Secretary, and implement the counterintelligence policies directed by the Secretary and the Under Secretary. The Chief of Nuclear Stewardship Counterintelligence shall have direct access to the Secretary and all other officials of the Department and its contractors concerning counterintelligence matters, and shall be responsible for. . . .

Then it proceeds to delineate for what they will be responsible.

Mr. President, how much time do we have remaining on our side, and how much remains as a whole?

The PRESIDING OFFICER (Mr. GRAMS). The Senator from New Mexico has 30 minutes 22 seconds. The Democratic time remaining is 23 minutes 12 seconds.

Mr. DOMENICI. I note Senator KYL's presence on the floor. I want to talk with him for a moment.

I am not at all sure there will be additional time used on the other side of the aisle. When Senator KERREY left the floor for other urgent business, he suggested there was not any more time on that side. I would like to yield to Senator KYL the remaining time on our side. I am very hopeful, if there is going to be a wrap-up before the vote, that we will be able to get 2 or 3 minutes from the other side, although I am not sure that is the case at this point.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, perhaps we can inquire of the Democratic side if there is no one else who wishes to speak for that time to be yielded. I can take about 3 minutes now, and we can be prepared to vote at whatever time Members are ready.

Mr. DOMENICI. I understand that is not possible. I understand there are some who are now relying upon the time that is set for the vote around 20 minutes of 11 and who may be absent from the Hill. So we can't do that.

Mr. KYL. So as not to be in an unproductive quorum call, perhaps we could yield back time so we could speak in morning business.

Mr. President, I echo one of the thoughts of Chairman DOMENICI; that is, as we consider amendments to the proposal for a semiautonomous agency that tracks the recommendations of the President's Foreign Intelligence Advisory Board, I think we need to be very careful to ensure that the spirit of the recommendation, the fundamental basis for the recommendation of the President's Foreign Intelligence Advisory Board—the so-called Rudman panel—is not in any way degrading.

That spirit, that fundamental basis, was to go directly to the heart of the criticism of the Department of Energy to date that it is incapable of reorganizing itself; that there are too many disparate groups within the Department that want control of the nuclear weapons program, or at least their particular part of control; that what is really needed within the Department, the President's panel said, was a very clear direct line of responsibility from the Secretary right down through this entire nuclear weapons program so that no one else within the Department of Energy, in effect, could get their hands on it; and that there was only one line of responsibility, and it was the Under Secretary with his authority and his responsibility to make that program work.

The amendments we have received from Members on the other side—all to one degree or another—picked that apart. They said, well, the Secretary can designate other people outside this semiautonomous agency to be in charge of certain personnel matters, or things of that sort, or we could have the Secretary interspersed between the Secretary of Energy and the Under Secretary in charge of these nuclear weapons programs.

Those kinds of structural changes may not appear to be significant on the surface, but each one of them detracts from this concept of a semiautonomous agency, which is the fundamental basis of our amendment.

It is what the President's Foreign Intelligence Advisory Board, or panel, said was the critical component of any reform to ensure that there are not other areas of responsibility.

One of the proposals is that the Under Secretary would have to have field administrative staff administering this program. That is exactly what the Rudman panel said you didn't want. That was part of this bifurcation of responsibility that was creating the problem to date—too many people having to sign off on too many different things.

The point I want to make as we are prepared to vote on whether to proceed—I gather it will be a nearly unanimous vote—with the debate and potential amendment of this legislation, to echo what Senator DOMENICI said, is that whatever amendments we consider we have to remain true to the basic concept. You can't have a semiautonomous agency in name but have the same old disparate responsibility in practice. That is why we are not going to be agreeing to amendments that detract from the autonomy of this structure—this semiautonomous nature of the jurisdiction of the Under Secretary.

That is going to be a critical component of this reform. We are going to have to reject all amendments, as benign sounding as they may be, that detract from that central concept.

I hope, if Members are going to present amendments, that they will understand, at least from the sponsors of the legislation, they will be met with opposition if they detract from that central principle. We are going to be standing very firm to support the President's own advisory board recommendations to the President. We hope, obviously, that the President in the end will support those as well.

My hope is, if there is no one else on the Democratic side who wishes to address this, that we can get some time yielded so we can address it from our side.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank a number of people.

We have come a long way from not knowing exactly what we ought to do to a very strong cadre of Senators in a bipartisan nature who have decided that this amendment should be adopted, and perhaps a couple of changes and technical adjustments can be made. But this is not just the work of three sponsors. I am very pleased to have been one of the three who has gathered.

I note the Armed Services Committee's input is represented in this bill and has been present at almost all the meetings in the form of the chairman, JOHN WARNER. Senator WARNER has been an integral part, along with the Armed Services Committee staff which has knowledge in this particular area.

The Intelligence Committee has been excellent. While they have conducted their hearings—and they had a heavy workload to get ready for this bill—they have taken significant time to discuss this issue and to discuss this approach.

This amendment is cosponsored by the chairman and cochairman of the Intelligence Committee. I thank Senator SHELBY, the chairman, for his fine cooperation and that of his staff, and, obviously, the presence of Senator BOB KERREY on the floor indicates he is totally cognizant, fully aware of this, and supports what we are trying to do.

In addition, obviously there has been tireless work in terms of trying to get the facts in the name of the chairman of the Energy and Natural Resources Committee. Senator MURKOWSKI of Alaska has spent a great deal of time with a very competent staff. It is small in number but efficient and knowledgeable. They have conducted some of the best hearings on this subject matter. I am very pleased he is taking an active role. The fact he is on this bill and articulately defending the approach within the amendment is very helpful and should be helpful to the Senate.

Mr. KYL. Mr. President, I also note Senator THOMPSON, the chairman of the Governmental Affairs Committee, which has responsibility for monitoring the organization and providing oversight to the Departments of Government, is also very interested and has provided assistance. I know he wants to speak on this later today.

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

Mr. DOMENICI. I ask unanimous consent for 1 additional minute off their side.

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

Mr. DOMENICI. Mr. President, Senator THOMPSON and his staff have been very objective. Obviously, his committee has a lot of jurisdiction to conduct hearings with reference to restructuring of anything in Government. We are very pleased he chose to join us and he chose to lend us the excellence and expertise of his staff as we put this package together.

It is a very good approach. After 20 years of actually floundering around within a bureaucracy at the Department of Energy that was very top heavy, as reported by various commissions, I am very thrilled to be in this Chamber and able to say we are going to try to do better by the most serious research and the activities which are most apt to harm us in the future if others get them. It is the national security of America and perhaps peace in the world that hangs on whether this Department can do its job right, this autonomous agency with reference to nuclear activities, and whether we can find a better way to maintain freedom for those scientists, the greatest in the world, so they will come and do their work and at the same time do a far better job of securing the secrets that are within the minds and the products that our great scientists are producing at the nuclear laboratories.

In the meantime, there are some who want to punish the laboratories. I note with some interest the appropriations bill in the House from the subcommittee that is supposed to fund our nuclear activities. Obviously, it has been reduced so dramatically I am not at all sure they can function. I do not know if that is a function of not having enough money or a function of saying: Let's do something about the fact that we are worried about security.

That is not the way to do it. The way to do it is to adopt this amendment in both Houses, send it to the President, and get started with the task, for the first time in 22 years, of trying to set

up an appropriate semiautonomous agency to do our nuclear work, to conduct the activities of our nuclear laboratories.

I have been asked by the leader, unless my colleagues have an objection, to ask unanimous consent that all the time be considered used on both sides of the aisle and the cloture vote occur at 10:40 this morning. This means we will go into a quorum call, and anybody who wants to can call off the quorum and speak. Is that fair enough to the Senator from Idaho?

Mr. CRAIG. It is.

Mr. DOMENICI. I propose that unanimous consent request I just articulated.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Idaho.

Mr. CRAIG. Mr. President, I thank the Senator from New Mexico and the Senator from Arizona for their leadership on the issue of our laboratories and our concern about nuclear weapons security and the work they have done and the vote that will soon be taken in the Senate on that effort. It is of prime national importance.

TRIBUTE TO KENNETH CHRISTOPHER FOSS

Mr. CRAIG. Mr. President, I come to the floor of the Senate this morning to report a sad event to my colleagues. This past Saturday, July 17, I received news of the untimely death of Kenneth Christopher Foss, one of the analysts on the staff of the Republican Policy Committee, of which I am chairman. He was 29 years old and had been a lifelong sufferer of diabetes.

Since assuming the RPC chairmanship in 1996, I had gotten to know Ken very well. Most recently, I had worked very closely with him on legislation affecting Second Amendment rights. As anyone who knew Ken can attest, he was not a man to compromise on principle. He was an extraordinary individual who stood on solid moral and conservative principles. In an age of relative values and indifference to truth, he will be sorely missed. For Ken, devotion to principle was not an option, it was an imperative.

Ken's achievements during his all-too-short time in the Senate and on Earth were truly remarkable. He began his career with former Senator Dan Coats, first as an intern and then as a staff assistant. He moved over to the RPC during the chairmanship of my predecessor, Senator DON NICKLES.

Many of my colleagues may not fully be aware of Ken's contributions to the operation of the committee's in-house cable television facility, channel 2, which we all know is an indispensable tool for Senators and their staffs to keep abreast of floor action. This past year, Ken was the backbone of channel 2 as its manager.

In addition, he had shouldered the increased responsibility of a constantly growing list of issues as a policy analyst, including guns, education, alcohol and tobacco, drugs, immigration, American flag protection, census ''sampling'', prosecutorial ethics and asset forfeiture, and adoption, among others.

For Ken, these were not just a list of bureaucratic responsibilities at the RPC—they were to him truly a passion, objects of his deeply held commitment to justice, the rule of law, and the truest values of the American Republic. I might add, his passion extended to the issue of Puerto Rican statehood, where his position was diametrically opposed to mine. Though he was gentleman enough not to be obvious about it, it was very clear to me where he stood.

Whatever he worked on, he was meticulous and thorough. Whatever his task, he was the first to volunteer for the heavy lifting, to collect all the background, to consult all the authoritative sources, to do all the detailed reading and analysis, to become a walking library on the issue at hand. As anyone who has been to what we call the ''big room'' at the RPC or down to his basement station at channel 2 in the Capitol, known as ''the cave,'' Ken's desk was a veritable archive, testimony to both his devotion to duty and to his active mind.

I want to mention two matters in particular that define Ken and his work in the Senate. To say that Ken was devoted to defending American rights under the Second Amendment is a masterpiece of understatement. As one of the bumper stickers displayed on his desk puts it: ''A man with a gun is a citizen; a man without a gun is a subject.'' For Ken, those were words by which to live. Ken had a keen devotion to the concept of ordered liberty under constitutional government and the reciprocal rights and duties of the citizens, especially armed citizens. Whatever the gun-related issue—concealed-carry laws, instant background checks, mandatory trigger locks, or any other efforts to circumvent our founders' clear words—Ken was Horatio at the bridge. His assistance to me during the recent debate on gun show restrictions was invaluable. He will be sorely missed by me certainly, and by the Nation.

Second, it would be impossible to talk about Ken Foss without mentioning his devotion to the unique cultural heritage of the South, and especially his native State, the Commonwealth of Virginia. In all he did, in his stubborn unwillingness to forsake a cause that he thought was just, he was constantly following, and consciously following, in the footsteps of famous Virginians of the past upon whom he looked as role models: George Washington, Patrick Henry, George Mason, Robert E. Lee, Stonewall Jackson. Philosophically in agreement with the antifederalism of Mason and Henry, Ken really did believe that eternal vigilance is the price of liberty, and his tireless work reflected that conviction.

His love of Virginia and of the South extended from honoring and emulating the great names of the past and ''Sic Semper Tyrannis,'' the motto of the State of Virginia on the screen-saver on his computer, to his fondness for Allman's barbecue down in Fredericksburg, southern rock music, and Alabama football.

Ken prized the distinctive heritage of his State and his region and was afraid that in our modern, homogenized world, we were losing an irreplaceable part of a precious cultural patrimony. In his passing, Virginia and the South have lost a true son, and the Nation is, I think, poorer for it.

Ken is survived by his parents, Gary and Andra Foss, and by his brother Eric. I am sure I speak for all my colleagues in expressing our condolences to his family. Ken's father, Gary Foss, is director of the Fredericksburg Christian School.

In closing, I should mention that Ken's dedication in his nonprofessional life extended no less to the principles of Christian education and the Reformed tradition. For Ken, service to God, to his church, to his parents, to his fellow man was an expression of the same qualities he demonstrated in his professional life. Whether it was the Ten Commandments or the Constitution, Ken knew his duty and inspired others to respond to the call.

This is how I remember him, and this is how I believe he will be remembered. We will all miss Ken Foss.

I yield the floor.

Mr. NICKLES. Mr. President, I wish to join my colleague and friend, Senator CRAIG, in making a few comments about a friend of ours—both of ours—Ken Foss, who passed away this past Saturday.

His passing is a real loss to the Senate and a real loss to this country. He was a very dedicated member of the Senate family, a person with whom I had the pleasure of working for several years. When I was chairman of the Policy Committee, I got to know Ken Foss. He started his career when he worked for Senator Coats, starting in 1990 or 1991. He did good work for Senator Coats, and was an asset to our former colleague's staff.

In 1992, I stole him from Senator Coats' office because he had great talent, and great promise; and he quickly became an integral part of our team at the Policy Committee.

I was fortunate enough to be chairman of the Policy Committee from 1991 to 1996, and blessed to know this energetic person who had a real love affair with this country and a real love affair with history. Ken was energetic. He worked with a lot of zeal, a lot of passion, and a lot of real belief.

I remember him working in the Policy Committee as a person who always did his homework. On any issue, he did his research, and he knew his subject. I remember also his dedicated work in the cave, down in the basement of the Capitol, doing television work, keeping Members—all Members—apprised of what was going on on the floor. He was one of the individuals on whom you could count to give an update of what was happening on the floor, what was happening politically, what was happening substantively, what was happening procedurally, keeping colleagues and staff fully informed and ready to act when the time came.

I remember one time traveling to Richmond, VA, to speak at a GOP gathering—actually a State convention. It was an effort to try to bring the party together after a somewhat divisive campaign. Ken was my guide to all the party officials, from those with high rank to those whom we never hear much about, but make our party work. His understanding and devotion to the Virginia State Republican party was strong, and unwavering, and Virginia benefited from his dedication and hard work.

But his political knowledge was equaled, and exceeded, by his vast storehouse of knowledge about Virginia history. He knew more on this subject than any person I have ever met. From the beginning of the Commonwealth as a colony of England, to the present day, you had no better guide than Ken. When you are talking about Civil War battlefields, which I happen to be interested in, my small knowledge paled in comparison to Ken Foss's. And all this information, Ken shared freely, enthusiastically, from school children to the elderly, inspiring many whom he met.

As all of our colleagues know, we are renovating the Rotunda. I had the pleasure earlier this year of making my second or third trip to see the Rotunda in my Senate career. Of course, Ken Foss wanted to participate in that, and he climbed all the way to the top with us. All of us on that tour certainly enjoyed his presence that morning, because, again, his ability to be able to illuminate history, going back to Washington, going back to the founding of our country, and explaining various facts about our Capitol, was certainly informative and reminded us all of what a resource the Capitol is to tell our country's story to her citizens.

To Ken Foss's family, to his father and mother, to his brother, to his countless friends, to his colleagues in the Senate, certainly he will be missed by all of us. We deeply appreciate his dedication to the Senate. We wish to extend our condolences and sincere sympathies to his family and to his friends.

Mr. President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. ENZI). Without objection, it is so ordered.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—MOTION TO PROCEED—Continued

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order and pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to H.R. 1555, the intelligence authorization bill:

Senators Trent Lott, Pete V. Domenici, Paul Coverdell, Jesse Helms, Chuck Hagel, Judd Gregg, Slade Gorton, Craig Thomas, James Inhofe, Frank H. Murkowski, Jon Kyl, Jim Bunning, Tim Hutchinson, Connie Mack, Rick Santorum, and Richard Shelby.

CALL OF THE ROLL

The PRESIDING OFFICER. By unanimous consent, the quorum call has been waived.

VOTE

The PRESIDING OFFICER. The question is, is it the sense of the Senate that debate on the motion to proceed to H.R. 1555, the intelligence authorization bill, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 212 Leg.]

YEAS—99

Abraham	Cleland	Gorton
Akaka	Cochran	Graham
Allard	Collins	Gramm
Ashcroft	Conrad	Grams
Baucus	Coverdell	Grassley
Bayh	Craig	Gregg
Bennett	Crapo	Hagel
Biden	Daschle	Harkin
Bingaman	DeWine	Hatch
Bond	Dodd	Helms
Boxer	Domenici	Hollings
Breaux	Dorgan	Hutchinson
Brownback	Durbin	Hutchison
Bryan	Edwards	Inhofe
Bunning	Enzi	Inouye
Burns	Feingold	Jeffords
Byrd	Feinstein	Johnson
Campbell	Fitzgerald	Kerrey
Chafee	Frist	Kerry
Kohl	Moynihan	Shelby
Kyl	Murkowski	Smith (NH)
Landrieu	Murray	Smith (OR)
Lautenberg	Nickles	Snowe
Leahy	Reed	Specter
Levin	Reid	Stevens
Lieberman	Robb	Thomas
Lincoln	Roberts	Thompson
Lott	Rockefeller	Thurmond
Lugar	Roth	Torricelli
Mack	Santorum	Voinovich
McCain	Sarbanes	Warner
McConnell	Schumer	Wellstone
Mikulski	Sessions	Wyden

NOT VOTING—1

Kennedy

The PRESIDING OFFICER. On this vote the yeas are 99, the nays are 0. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

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

The motion to lay on the table was agreed to.

DISAPPROVING THE EXTENSION OF THE WAIVER AUTHORITY CONTAINED IN SECTION 402(c) OF THE TRADE ACT OF 1974 WITH RESPECT TO VIETNAM—MOTION TO DISCHARGE

The PRESIDING OFFICER. Under the previous order, the Senator from New Hampshire, Mr. SMITH, is recognized to offer a motion to discharge the Finance Committee of S.J. Res. 28, on which there shall be 1 hour of debate, equally divided.

The Senator from New Hampshire is recognized.

Mr. SMITH of New Hampshire. Mr. President, pursuant to the Trade Act of 1974, and the rules of the Senate, I make a privileged motion that the Senate Committee on Finance be discharged from further consideration of Senate Joint Resolution 28, a resolution disapproving the President's June 3, 1999, waiver of freedom of emigration requirements for Vietnam as a condition for expanded U.S. trade benefits.

Before going into that, Mr. President, on behalf of the leader, I ask unanimous consent that the time accorded to the majority leader on the two motions—the one on China and the one on Vietnam—be allocated to the Senator from New Hampshire, Mr. SMITH.

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

Mr. SMITH of New Hampshire. Mr. President, I further ask unanimous consent that the vote with respect to trade with Vietnam be postponed to occur in a stacked sequence following the vote with respect to trade with China.

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

Mr. SMITH of New Hampshire. I yield the floor, Mr. President.

Mr. MOYNIHAN addressed the Chair.

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

Mr. MOYNIHAN. Mr. President, I yield as much time as he should desire to my distinguished chairman and friend, the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. I thank the Senator from New York. I also express my appreciation for the cooperation of my good friend, the Senator from New Hampshire.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that Holly Vineyard, a Finance Committee detailee from the Department of Commerce, be granted floor privileges during the pendency of S.J. Res. 27 and S.J. Res. 28.

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

Mr. ROTH. Mr. President, I rise today in opposition to Senator SMITH's motions to discharge the Finance Committee of S.J. Res 27 and 28. These resolutions would overturn the President's extension of the Jackson-Vanik waiver authority with respect to China and Vietnam.

I can understand Senator SMITH'S desire to have the Senator consider and debate these resolutions. Our economic relationship with these countries is clearly worth our attention.

This, however, is not the time for such a debate. There is a process already underway in the House on these resolutions that we should allow to continue. The Ways and Means Committee has already reported out these resoltuions—both adversely, I might add. Floor action in the House on both these measures is already planned for the next few weeks. With the House ready to act, there is no reason for us to undercut that process by taking these matters up at this time.

If the House does pass either of these resolutions, then the Senate should consider them on their merits. On the issue of China, I will be ready, along with many of my colleagues, to discuss why maintaining normal trade relations with that country is in our national interest. In short, there are—and there will continue to be—areas of significant disagreement between our two nations. But the record is clear that our commercial relationship with China has been good for our economy. It has also helped bring about positive change in China.

On the issue of Vietnam, I look to my colleagues, Senators JOHN KERRY, MCCAIN, BOB KERREY, HAGEL, ROBB, and CLELAND. These Senators—all Vietnam veterans—support the Jackson-Vanik waiver. In their view, the President's waiver has helped in resolving the problems we have had with Vietnam on emigration.

While these are my views, in brief, a more substantive discussion of these issues should come at a later time. Until the House acts, we should complete our work on the matters already before us. After all, the motions to discharge the committee are effectively motions to proceed to the resolutions themselves. That means, under the Jackson-Vanik statute, 20 hours of floor debate on each measure. That also means putting off our consideration of the appropriations bills.

For these reasons, I urge my colleagues to vote against Senator SMITH's motions.

Mr. MCCAIN. Mr. President, I oppose Senator SMITH's motion to discharge from the Senate Finance Committee his resolution disapproving of the extension of the Jackson-Vanik waiver for Vietnam. I do so because I believe the House should properly act first on a measure of this nature, because the Committee should be afforded the opportunity to render judgment on Senator SMITH's resolution before it is taken up by the full Senate, and because Vietnam's Jackson-Vanik waiver, like China's Normal Trade Relation status, is too important to fall victim to the political currents buffeting the Senate at this time.

Procedurally, the Senate has traditionally reserved consideration of Jackson-Vanik waivers and the granting of Normal Trade Relation status until after the House has acted. As my colleagues know, the House Ways and Means Committee has unfavorably reported the House resolutions of disapproval for both Vietnam's Jackson-Vanik waiver and China's Normal Trade Relation status. These measures are scheduled for floor action in the House. The Senate should not rush to judgment on either of these measures until the House has voted on them. Indeed, the Senate has over 40 remaining days under the statutory deadline for action on the waiver.

Substantively, the Jackson-Vanik amendment exists to promote freedom of emigration from non-democratic countries. The law calls for a waiver if it would enhance opportunities to emigrate freely. Opportunities for emigration from Vietnam have clearly increased since the President first waived the Jackson-Vanik amendment in 1998. The waiver has encouraged measurable Vietnamese cooperation in processing applications for emigration under the Orderly Departure Program (ODP) and the Resettlement Opportunity for Vietnamese Returnees agreement (ROVR).

The Jackson-Vanik waiver has also allowed the Overseas Private Investment Corporation (OPIC), the Export-Import Bank (EXIM), and the Department of Agriculture (USDA) to support American businesses in Vietnam. Withdrawing OPIC, EXIM, and USDA guarantees would hurt U.S. businesses and slow progress on economic normalization. It would reinforce the position of hard-liners in Hanoi who believe Vietnam's opening to the West has proceeded too rapidly.

Let me assure my colleagues that I harbor no illusions about the human rights situation in Vietnam. There is clearly room for improvement. The question is how best to advance both the cause of human rights and U.S. economic and security interests. The answer lies in the continued expansion of U.S. relations with Vietnam.

Although the Jackson-Vanik waiver does not relate to our POW/MIA accounting efforts, Vietnam-related legislation often serves as a referendum on broader U.S.-Vietnam relations, in which accounting for our missing personnel is the United States' first priority. Thirty-three Joint Field Activities conducted by the Department of Defense over the past six years, and the consequent repatriation of 266 sets of remains of American military personnel during that period, attest to the ongoing cooperation between Vietnamese and American officials in our efforts to account for our missing service men. I am confident that such progress will continue.

Just as the naysayers who insisted that Vietnamese cooperation on POW/MIA issues would cease altogether when we normalized relations with Vietnam were proven wrong, so have those who insisted that Vietnam would cease cooperation on emigration issues once we waived Jackson-Vanik been proven wrong by the course of events since the original waiver was issued in March 1998.

The Jackson-Vanik amendment was designed to link U.S. trade to the emigration policies of communist countries, primarily the Soviet Union. The end of the Cold War fundamentally restructured global economic and security arrangements. As the recent expansion of NATO demonstrated, old enemies have become new friends. Moreover, meaningful economic and political reform can only occur in Vietnam if the United States remains engaged there.

Last year, I initiated a Dear Colleague letter to members of the House of Representatives signed by every Vietnam veteran in the Senate but Senator SMITH, who has opposed every step in the gradual process of normalizing our relations with Vietnam over the years. There are those in Congress, including Senator SMITH, who remain opposed to the extension of Vietnam's Jackson-Vanik waiver. But they do not include any other United States Senator who served in Vietnam and who, as a consequence, might be understandably skeptical of closer U.S.-Vietnam relations.

That body of opinion reminds us that, whatever one may think of the character of the Vietnamese regime, such considerations should not obscure our clear humanitarian interest in promoting freedom of emigration from Vietnam. The Jackson-Vanik waiver serves that interest. Consequently, I urge my colleagues to oppose Senator

SMITH's extraordinary motion to discharge consideration of his resolution from the Finance Committee.

Mr. MOYNIHAN addressed the Chair.

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

Mr. MOYNIHAN. Mr. President, on behalf of the minority of the Finance Committee, I want to associate myself wholly with the remarks of our chairman.

This is not the time to engage in protracted debate on the Senate floor over our economic relations with China and Vietnam. The Finance Committee has not yet had an opportunity to consider the disapproval resolutions that the Senator from New Hampshire seeks to discharge. Nor has the House acted on the companion measures. It will do so later this month. If the motions to discharge the Finance Committee are approved, the Senate will be committing itself, as the Trade Act of 1974 provides, to 20 hours of debate on Vietnam and 20 hours of debate on China. The Senate's time is better spent on other matters.

The Senator from New Hampshire has moved to discharge the Finance Committee from further consideration of Senate Joint Resolution 27 and Senate Joint Resolution 28. Let us be clear what is at issue here. S.J. Res. 27 and S.J. Res. 28 disapprove of the President's decision of June 3, 1999 to extend for another year his waiver of the so-called ''Jackson-Vanik'' amendment as it applies to China and Vietnam, respectively.

A bit of history is in order. The Jackson-Vanik amendment was the vision of Senator Henry M. Jackson of Washington, who, in 1972, first proposed:

> . . . an unprecedented measure to bring the blessings of liberty to these brave men and women who have asked only for the chance to find freedom in a new land.

''Scoop'' Jackson's amendment was precipitated by the decision of the Soviet Union, in August 1972, to assess exorbitant fees on persons wishing to emigrate. Cloaked as ''education reimbursement fees'' or ''diploma taxes,'' the Soviet authorities argued that emigrants owed an obligation to reimburse the Government for their free education, since, by reason of their departure, the emigrants would no longer put their education to use for the benefit of Soviet society.

The exit taxes applied to all emigrants, but affected primarily Soviet Jews wishing to emigrate to Israel or the United States. Thus was born the Jackson-Vanik amendment. Representative Charles Vanik of Ohio was the chief sponsor in the House. The amendment—Section 402 of the Trade Act of 1974—provides that no country shall be eligible to receive Normal Trade Relations tariff treatment or to participate in any United States Government programs that extend credit or credit guarantees or investment guarantees if that country:

(1) denies its citizens the right or opportunity to emigrate;

(2) imposes more than a nominal tax on emigration or on the visas or other documents required for emigration, for any purpose or cause whatsoever; or

(3) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice.

Under the law, the President may waive these restrictions if he determines that:

> . . . such waiver will substantially promote the objectives of this section . . . and he has received assurances that the emigration practices of that country will henceforth lead substantially to the achievement of the objectives of this section.

The United States has granted NTR status to China since 1980, on the basis of a waiver of the Jackson-Vanik provisions. Vietnam does not yet enjoy NTR status, but, since 1998, when the President first waived the Jackson-Vanik requirements, U.S. exports to Vietnam and investment projects in that country have been eligible for certain U.S. Government credits and credit and investment guarantees issued by the United States Export-Import Bank, the Overseas Private Investment Corporation and the United States Department of Agriculture.

The issue before the Senate, then, is whether the Senate agrees with the President's assessment of the emigration policies and practices of China and Vietnam. At stake are our economic relations with those countries.

The first point to be made is that the authors of the Jackson-Vanik amendment had neither China nor Vietnam in mind when they drafted their provision. The amendment was a creature of the Cold War, and is today an anachronism in many respects.

The President's June 3, 1999 report to the Congress, which accompanied his determination to extend the Jackson-Vanik waiver to China for another year, made the following points:

> In FY 1998, 27,776 U.S. immigrant visas were issued to Chinese nationals abroad, up slightly from FY 1997 . . . and up to the numerical limitation under U.S. law . . . .
>
> The principal constraint on increased emigration continues to be the capacity and willingness of other nations to absorb Chinese immigrants rather than Chinese policy.

On Vietnam, the President reported the following:

> Overall, Vietnam's emigration policy has liberalized considerably in the last decade and a half. Vietnam has a solid record of cooperation with the United States in permitting Vietnamese to emigrate. Over 500,000 Vietnamese have emigrated as refugees or immigrants to the United States under the Orderly Departure Program (ODP), and only a small number of refugee applicants remain to be processed.

The President reported particular progress in the so-called ROVR program—the Resettlement Opportunities for Vietnamese Returnees program—formalized in 1997 to facilitate the emigration of Vietnamese who were still in asylum camps in Southeast Asia or who had recently returned to Vietnam.

As the President noted in his June 3, 1999 report:

> After a slow start, processing of eligible cases under the ROVR program accelerated dramatically in 1998 and is now near completion. As of June 1, 1999, the [Government of Vietnam] had cleared for interview 19,975 individuals, or 96 percent of the ROVR applicants.

Given these findings, I would submit that the President's determination to waive the Jackson-Vanik freedom-of-emigration provisions with respect to both China and Vietnam was fully in accordance with the law. I urge my colleagues to vote against the motion to discharge the Finance Committee from further consideration of the disapproval resolutions: there is no need to take the Senate's time at this point.

Mr. HELMS. Mr. President, the able Senator from New Hampshire is to be commended for bringing to the attention of the Senate the issue of normal trade relations with the communist regimes of China and Vietnam.

Few Senators have so steadfastly opposed communism in East Asia as Senator BOB SMITH. During this decade when it has been fashionable to declare the cold war over and just forget about the billion-plus people who continue to suffer under communist oppression, Senator SMITH has remained firm in his commitment to freedom in East Asia and that is why he is bringing these motions before the Senate today.

And on that score, I join Senator SMITH in support of the policies that he is emphasizing here today—that of denying normal trade status to Communist China and Vietnam. The Senator is right on the mark. Neither of these illegitimate regimes merits this honor. Mr. President, too often, in our search for trade dollars, we neglect to ask ourselves: With whom are we doing business?

Well, let's ask.

We are dealing with a communist regime in China that has illegitimately held power for 50 years. The same regime, in fact, that killed so many U.S. soldiers in the Korean war. The same regime that has killed tens of millions of its own people since 1949. And the same regime that has consistently identified the United States as the number one obstacle to its strategic agenda.

Supporters of the engagement theory dismiss all of this. They say that normal trade with China is in the U.S. interest and, in any event, will change China's behavior for the better. Reality has yet to catch up with the theory. Red China's behavior continues to be unacceptable and it is difficult to see which U.S. interests are being served by trade-as-usual with this regime.

This year, as in the past, there is voluminous evidence to contradict the claims of the engagement theorists. Whether it be national security issues or human rights, the picture in China is even bleaker than it was a year ago, the exact opposite of what the engagement theorists have predicted.

For starters, we have the Cox Committee's revelations of China's massive pilfering of our nuclear secrets. At a minimum, the Cox report has laid waste to the notion of China as a strategic partner. And the orchestration of anti-American riots by the Chinese government in May has reminded us that the true colors of the communist regime remain unchanged.

Meanwhile, China continues its reckless foreign policies that engagement was supposed to help moderate. In March, ace reporter Bill Gertz revealed that despite its promises to the Clinton administration, China continues to proliferate weapons of mass destruction to fellow rogue regimes around the world.

In February, the Pentagon reported that China is engaged in a massive buildup of missiles aimed at the democratic country of Taiwan.

Similar to national security issues, human rights have also regressed after another year of normal trade with China. The State Department itself was forced to admit this in April in its annual Country Reports on Human Rights Practices. Even on the economic front, where one might expect some benefits to accrue to America from trade with China, the yield is minimal. In 1998, American exports to Communist China were just $14 billion, less than one-fifth of one percent of GNP and fifty percent less than we export to democratic Taiwan.

The picture in Vietnam is similar. That country is still run by the same communist autocrats as when the U.S. trade relationship resumed in 1994. These, of course, were the same revolutionaries who killed 58,000 Americans in the Vietnam war. Meanwhile, the Vietnamese people today still don't enjoy any real freedoms of speech, assembly, religion or political activity. The Vietnamese government continues to put up roadblocks to emigration for Montagnards and other citizens who wish to escape the misery and tyranny of Communist Vietnam. The economy is still a socialist mess, riddled with bureaucracy and corruption.

And yet again, Mr. President, we cannot stand here today and honestly claim that the Vietnamese government has provided a full accounting of our missing soldiers from the Vietnam war.

The bottom line, Mr. President, is that granting normal trade relations to China and Vietnam has purchased precious little for the United States and we ought to revoke the status for both countries.

But while I support Senator SMITH from a policy point of view, I cannot agree with the method that is being used here today. I am concerned that utilizing a motion to discharge these resolutions infringes on the prerogatives of the committee of jurisdiction, in this case the Finance Committee. Thus, I cannot support these motions.

However, given the gravity of the underlying policy issues, I would strongly encourage the Committee on Finance to report out Senate Joint Resolutions 27 and 28 so that the Senate can debate these important measures.

Mr. SMITH of New Hampshire. Mr. President, I thank Senator HELMS for his support of both the motion to discharge on the Vietnam issue, as well as the China issue.

Mr. President, I yield myself 15 minutes. In response to my colleague from Delaware regarding what has happened in the past on the differences between the House and the Senate on such resolutions, I state for the record that the Trade Act of 1974, which is the item in question, on procedures in the Senate regarding discharges, says:

> If the Senate passes a resolution before receiving from the House of Representatives a joint resolution that contains the identical matter, the joint resolution shall be held at the desk pending receipt of the joint resolution from the House.

So there is absolutely no problem whatsoever in having the Senate deal with this. In the past, the Senate has deferred action on the Jackson-Vanik waivers, according to Senator ROTH, and the House has acted first. But we don't have to wait for the House to pass anything to act on it. It is clearly within the act of 1974. And so, with all due respect, I am not trying to assume any powers that aren't in the act itself.

I also want to respond to the point that Chairman ROTH made in which he said: Until the House acts, there is no need to defer action on the critical matters currently before the Senate. Indeed, House action may moot the need to take up these resolutions at all.

Let me also point out that should the discharge motion prevail, there is no attempt by me to bring this up immediately and get into the Senate's time. If the majority leader and minority leader determine they want to take this up at another time other than today or tomorrow or even this week, that is perfectly all right with me. I am not in any way trying to interrupt the Senate schedule. There is simply an hour equally divided on these motions. So it will take 2 hours of the Senate's time and that is it, as far as I am concerned today. Unless the leaders decide they want to take it up now, that would be OK.

Also, regarding critical matters before the Senate, China has been in the news a lot lately, to say the least, and if the situation in China in terms of the human rights violations, the spy scandal, and all the other things that have gone on—if that is not a critical matter to bring before the Senate, I guess I am not sure what critical is. I believe it is critical, and I think it should be discussed.

In spite of that, should the leaders determine this should not be discussed today, tomorrow, or next week, I am amenable to whatever schedule the majority leader would like to work out to bring this matter to the floor for the 20 hours of debate, which would follow if the discharge resolution prevails.

For the information of my colleagues, the discharge motion I have made as a sponsor of S.J. Res. 28 is a privileged matter and in accordance with the Trade Act of 1974. I am very pleased to have the distinguished chairman of the Foreign Relations Committee, Senator HELMS, as a cosponsor of this resolution.

The discharge motion now before the Senate is in order under the 1974 Trade Act simply because more than 30 days have expired since I introduced it on June 7, 1999. And to date, the resolution has not been reported by the Finance Committee. I am sure it is not being reported because, respectfully, the chairman disagrees with me on this. He has every right to not report it, and I respect that. But I also have the right to discharge it.

What is S.J. Res. 128 in layman's terms, and why do I want my colleagues on both sides to allow this bill to be discharged and placed on the Senate calendar? It is a fair question and I want to answer directly.

Under section 402 of the Trade Act of 1974, Communist countries—in this case the Socialist Republic of Vietnam—are not eligible to participate, either directly or indirectly, in U.S. Government programs that extend credit or investment guarantees if the country denies its citizens the right or opportunity to emigrate, if it denies its citizens the right to emigrate, if it imposes more than a nominal tax on emigration and visa papers, and more than a nominal tax, levies a fine, fee, or other charge on any citizen as a consequence of that citizen's desire to emigrate or leave their country. In other words, if a citizen is taxed to leave, or denied the right to leave, then this is what the Trade Act is all about.

Simply put—and this would not surprise many colleagues, I hope—Vietnam severely restricts the rights of its citizens to have the opportunity to emigrate. It has done so since the fall of Saigon, and it continues to do so. Corruption and bribery by Vietnamese officials is rampant with respect to those desperately trying to get out through the application process. Many of these people bring their life savings, some of them borrowing money to get out, and then after the money is confiscated they are still denied.

That is why Vietnam has historically not been eligible to take advantage of

American taxpayer-funded programs which subsidize business deals between American companies and the Communist Government agencies in Hanoi; that is, until last year. It is very important.

When President Clinton decided to use the section of this same Trade Act of 1974 which allows him to grant a waiver of Jackson-Vanik, the freedom of immigration requirement, if he determines that such a waiver will ''substantially promote the objections of this section,'' which, as I said, is to ensure that countries do not impose more than a nominal tax fee or fee to immigrate and they don't hinder the human rights—if the President determines that there are no human rights violations, or no fees beyond nominal fees to get out processing, then we grant this waiver.

But the question is: Is that true? I don't think it is.

I would like to have the opportunity—which is all I am asking for in this discharge motion—to prove that on the floor of the Senate. I know there are 20 hours equally divided. I don't need 10 hours, but I would like to have a little time to prove it. I hope my colleagues will respect me on that.

The President cannot use the waiver unless he has received assurances that the immigration practices of that country will henceforth lead substantially to the achievement of the objectives I just outlined before, such as stopping bribery and corruption by Communist officials. But the President's use of this waiver authority with regard to Vietnam has been in effect now for a little over a year.

My colleagues should understand that we now have the opportunity to go back and look over the past several months and make an informed judgment about whether the President's waiver of the freedom of immigration requirement during this period has actually resulted in ''substantial promotion'' in Vietnam's human rights records on immigration matters.

If you believe it has, then you should not be afraid to come to the floor and debate me on it whenever the leader decides to bring it here. You will have the opportunity to vote against a disapproval resolution I have introduced with Senator HELMS to nullify the President's waiver. But why would you? Why would you be afraid to stand up and defend it? If you think that everything is fine and that all of these policies have not been violated, then come to the Senate floor and debate me, and we will see who wins on that point.

If you think President Clinton should not abuse this waiver based on Vietnam's performance, if you think President Clinton should have instead insisted that Vietnam actually comply with the freedom of immigration standards, then you would vote for this discharge. You would vote for S.J. Res. 28, and ultimately you would vote against granting the waiver.

However—this is important—in order to have the debate on the resolution, in order to carry out our constitutional duty under article I, section 8, to regulate trade matters with foreign nations, we need to discharge the bill and bring it to the floor.

I want to point out, because sometimes we forget we took an oath to the Constitution of the United States, it says in article I, section 8, that ''Congress shall have Power to . . . regulate Commerce with Foreign Nations . . .'' It is pretty clear.

If there is some difference of opinion as to a particular law regarding commerce with foreign nations, then we ought to have the opportunity to debate it on the floor. That is all I am asking in this resolution. It is that simple. As I said in my ''Dear Colleague,'' whether you support or whether you oppose the actual underlying resolution, you should at least be willing to support having a debate on the measure.

That is all I am asking: Could we have a debate on it, instead of leaving the bill bottled up in the Finance Committee where it automatically becomes effective. Come down, make your arguments, and allow me to make mine. That is what the American people expect us to do. Then we will have a vote after a few hours of debate.

I have studied it. People say there are so many other important things. I am not too sure about that. In the case of Vietnam, we still have MIA matters unresolved. We have foreign businesses that are going to make huge profits if we allow all of these things to go on. We have Vietnamese citizens in this country who escaped and who have had a lot of their earnings confiscated. They sent them over there to try to get their families out. What happened? The Vietnamese Government confiscated the money, and then they did not let the family members out.

I have been going over this a lot over the past several months. I have heard from countless Vietnamese Americans all across this country in all 50 of our States. They have family members and friends in Vietnam, many of whom fought alongside the United States during the Vietnam war. I want to tell you their stories. I want to share the stories of these people who have tried so hard to get their loved ones out after they themselves have been able to escape. But I can't do it in half an hour. I can't do it in 30 minutes. I need the time to do it so we can make an intelligent decision on this waiver that the President has granted.

Every Member of the Senate needs to hear these accounts of persecution and corruption that many Vietnamese continue to experience at the hands of Communist Government officials throughout that nation. Some of them have been forced to pay bribes into the thousands of dollars, and even after they paid the bribes, they have been denied the right to emigrate. I want to tell you those stories.

I have also heard from our staff who are assisting refugees in Southeast Asia who are trying to help these Vietnamese. I want to share with you all of what they have been telling me. But I am not going to be able to get into any serious level of detail on these matters if 51 of my colleagues prevent me from debating this on the Senate floor.

Mr. President, how much time have I used?

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. SMITH of New Hampshire. I thank the Chair.

Let me say up front that I am a Vietnam veteran who feels very strongly about this issue. Some of my colleagues neglect to mention that when they are talking about Vietnam veterans. But I am one in the Senate. However, there are others, such as the junior Senator from Massachusetts, who is here today, and the senior Senator from Arizona, who disagree with me. That is fine. I asked them, and the four other Vietnam vets in the Senate—indeed, every Member in the Senate—not to duck the debate, to come down and debate me, to have a good debate, and then let the Senate decide based on what they hear. But let's not bottle this up in the Senate Finance Committee. Vote to let this debate take place. Come down and participate. I look forward to debating you. It is going to take a little bit of the Senate's time. It is worth it. It is the taxpayers' money that is being used. People's lives are being affected. Good American citizens, who have family members in Vietnam, have a right to have this heard on the Senate floor.

I am not asking people to vote with me on the underlying resolution. I am just asking people to give me a chance to debate it and make a decision. It might take an afternoon. It might take an evening. I am certainly not going to use 10 hours, but I am prepared to do this in detail at whatever time the majority leader says so. I think we owe the American people that. I think it is wrong to prevent this debate.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. I thank the Senator from Montana.

Mr. President, I rise to oppose the effort of the Senator from New Hampshire whose efforts on this are long and untiring. I respect his commitment to the opposing point of view, but I disagree with him, as I know a number of my colleagues do.

I agree with the procedural arguments that the distinguished chairman of the Finance Committee has made. On the merits of the issue, I strongly support the President's decision to renew the waiver of the Jackson-Vanik amendment for Vietnam. There is no question that overturning that waiver would have serious consequences—negative consequences—for our bilateral relations with Vietnam and for our larger interests in the region.

The United States has very important interests, as we know. One is for obtaining the fullest possible accounting of American servicemen missing from the war. That still remains the first priority of our relationship. But in addition to that, we have interests in promoting freedom of immigration, promoting human rights and freedoms, and encouraging Vietnam to maintain its course of economic reform and to open its markets to American and to other companies.

We also have important political and strategic interests in promoting the stability of the often volatile region of Southeast Asia, as well as in balancing some of the interests of China in the region, and clearly our relationship with Vietnam is important in that effort. These interests, in my judgment, dictate that we should maintain a very active presence and a very effective working relationship with all of the countries in the region, including Vietnam.

The real question to be asked is, How do you promote the most effective relationship in the region, and with Vietnam? It is, in my judgment, not by denying Vietnam trade and other benefits of interaction with the United States, nor do we do it by engaging them in an incremental process of building an effective and mutually beneficial policy of engagement.

Some of us have been engaged in this issue for a long time in the Senate. I have been involved in it for the 15 years I have been here.

As the former chairman of the POW/MIA committee that set up the policy whereby we began to get some answers to the questions regarding our missing servicepeople, let me just say that there is one clear fact that is irrefutable. For 20 years we denied a relationship. For 20 years we didn't engage. For 20 years we refused to build the kind of cooperative effort in which we are currently engaged. For those 20 years after the war, we didn't get any answers at all regarding our missing. The fact is that it was under President Reagan and President Bush that we began a process of engagement. President Bush and General Scowcroft moved us carefully down that road, and President Clinton has continued that policy of eliciting from the Vietnamese the kind of cooperation that has provided the answers to many families in this country about their loved ones who are missing in Vietnam.

I have recounted that progress many times in this Chamber. I don't intend to go through it again now, in the interest of time. Let me just emphasis one very important point.

Last year, those who opposed the waiver of the Jackson-Vanik amendment suggested as one of the arguments for opposing it that POW/MIA accounting was going to stop or it would decrease. In fact, the opposite is true. Their predictions of dire impact last year have proven wrong, just as the predictions that, by being more hard-line and not involving ourselves with them, we would get answers have proven wrong.

The Vietnamese have continued to conduct bilateral and unilateral investigations and document searches and to cooperate in the trilateral investigations. Leads that might help resolve outstanding discrepancy cases continue to be investigated by the Vietnamese and the American teams. In fact, the waiver of the Jackson-Vanik amendment last year served as an incentive for continued progress on immigration. As a result, the processing of our applicants under the orderly departure program and the ROVR program have continued to the point that we are extraordinarily satisfied.

Although progress in the area of human rights is not everything we want it to be, even liberalization has continued over the last year, as evidenced by increased participation in religious activities, Vietnamese access to the Internet, 60 strikes by workers, including strikes against state-owned enterprises, as well as the release of 24 prisoners of conscience.

If we overturn the Jackson-Vanik waiver, in my judgment and in the judgment of Senator MCCAIN, Senator BOB KERREY, Senator CHUCK ROBB, and Senator HAGEL, and others who have served, we run the risk of setting back progress on these issues as well as negating the current extraordinary progress on the bilateral trade agreement, which I believe is extraordinarily close to being signed.

Our step-by-step approach to normalizing relations is working, and it is in keeping with the many interests of our Government that I have expressed. I believe we should stay the course and therefore oppose the efforts of the Senator from New Hampshire.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 4 minutes to the Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I rise to urge my colleagues to vote against the motion to discharge the Committee on Finance from further consideration of the resolution disapproving the extension of the Jackson-Vanik waiver for Vietnam.

The chairman of the Committee on Finance, Senator ROTH, has explained why this is a premature and unnecessary motion because the underlying resolution is privileged, and if the House passes either resolution, then the full Senate would be required to take up the resolution. It is expected that the full House will vote on the measure soon. So let's keep our attention on the very important and timely legislation currently being considered by the Senate.

But I also want to stress that even if this were the right time to consider the Jackson-Vanik waiver, the Senate should not adopt a resolution of disapproval. Although it is often forgotten in the debate over normal trade relations, the Jackson-Vanik waiver's chief objective is promoting freedom of emigration.

The President extended Vietnam's Jackson-Vanik waiver because he determined that doing so would substantially promote greater freedom of emigration in the future in Vietnam. I support this determination because of Vietnam's record of progress on emigration and on Vietnam's continued and intensified cooperation on U.S. refugee programs.

According to testimony by the U.S. Ambassador to Vietnam, Pete Peterson, Vietnam's emigration policy has opened considerably in the last decade and a half. As a consequence, over 500,000 Vietnamese have emigrated as refugees or immigrants to the United States under the Orderly Departure Program, and only a small number of refugee applications remain.

So on the merits, the waiver is justified. But I also believe that since it was first granted in March 1998, the Jackson-Vanik waiver has been an essential component of our policy of engagement and has directly furthered progress with Vietnam on furthering U.S. policy goals. Goals which include, first and foremost, accounting for the missing from the Vietnam war—our MIAs, promoting regional stability, improving respect for human rights, and opening markets for U.S. business.

I support the President's decision because I continue to believe, and the evidence supports, that increased access to Vietnam leads to increase progress on the accounting issue.

Resolving the fate of our MIAs has been, and will remain, the highest priority for our government. This nation owes that to the men and the families of the men that made the ultimate sacrifice for their country and for freedom.

In pursuit of that goal, I have traveled to Vietnam three times and I held over 40 hours of hearings on the issue in 1986 as chairman of the Veterans' Committee. The comparison between the situation in 1986 and today is dramatic.

In 1986, I was appalled to learn that we had no first hand information about the fate of POW/MIAs because we had no access to the Vietnamese government or to its military archives or

prisons. We could not travel to crash sites. We had no opportunity to interview Vietnamese individuals or officials.

In 1993, opponents of ending our isolationist policy argued that lifting the trade embargo would mean an end to Vietnamese cooperation. This is distinctly not the case. American Joint Task Force—Full Accounting (JTF–FA) personnel located in Hanoi have access to Vietnam's government and to its military archives and prisons. They freely travel to crash sites and interview Vietnamese citizens and officials.

During the post-embargo period, the Vietnam Government cooperated on other issues as well, including resolving millions of dollars in diplomatic property and private claims of Americans who lost property at the end of the war.

The Jackson-Vanik waiver has helped the U.S. government influence Vietnam's progress toward an open, market-oriented economy. It has also benefited U.S. companies by making available a number of U.S. Government trade promotion and investment support programs that enhance their ability to compete in this potentially important market. And I hope that soon our trade negotiators will be able to complete a sound, commercially viable trade agreement with Vietnam that will further expand market opportunities for American companies.

Before I close, let me urge my colleagues who may be unsure about their vote to consult with the U.S. Ambassador to Vietnam, Pete Peterson. Ambassador Peterson, a Vietnam veteran who himself was a prisoner of war, and who also served in the House of Representatives, has been a tireless advocate of U.S. interests in Vietnam. With his background and experience, his counsel should be trusted.

I urge my colleagues to vote against the motion to discharge.

Mr. HAGEL. Mr. President, I associate myself with the remarks of my friend and colleague, the distinguished Senator from Massachusetts. I oppose this motion to discharge S.J. Res. 28 from the Finance Committee. I oppose this for both procedural and substantive reasons.

Under the Constitution, the House of Representatives must initiate all tax, trade, and revenue measures. The Senate has always deferred to the House to take first action on Jackson-Vanik waivers because they are tax-and-trade measures.

On July 1, the House Ways and Means Committee voted out the House version of this resolution with a negative recommendation. The House will soon take up that resolution. I expect the full House to repeat its vote of last year and defeat that resolution.

Last year, the House defeated 260 to 163 a resolution to disapprove the President's Jackson-Vanik waiver for Vietnam. If the House should pass either the China or Vietnam resolution, the Senate would then take up that resolution. The motions to discharge the Finance Committee of these two resolutions are inappropriate and premature.

The comments made by the distinguished Senator from Massachusetts, in my opinion, capture the essence of this issue. Vietnam is still an authoritarian government. Much progress yet needs to be made. But it is the opinion of many of us that the best way to encourage that progress and to lead that progress is to engage. That means open not just dialog, but opportunities. History has been rather clear that commerce is the one bridge, the one vehicle that has done the most over the hundreds and thousands of years of human history to accomplish these issues we still must deal with—human rights issues, immigration issues and, certainly, as the Senator from Massachusetts opened his speech, the MIA issue.

There is not a Senator in this body, certainly none of us who served in Vietnam, who does not take that as a serious responsibility. I think this approach is a mistaken approach but well-intended. I salute my friend and colleague from New Hampshire for his efforts, but I believe it is taking us down the wrong path.

I am proud to stand with Ambassador Pete Peterson and the other five Vietnam veterans in the Senate to support the Jackson-Vanik waiver for Vietnam. The other Senate Vietnam veterans are: Senators MCCAIN, JOHN KERRY, BOB KERREY, ROBB, and CLELAND.

Is Vietnam a Jeffersonian Democracy and a full market economy? Of course not. But Vietnam has made progress. We should nurture that progress, not turn back the clock.

It is ironic that we would undermine our modest trade relationship with Vietnam at this time. Ambassador Barshefsky is in the final stages of negotiating a trade agreement that would substantially open Vietnam's market. We should support her efforts to open Vietnam's markets and promote economic reform.

The Jackson-Vanik waiver for Vietnam primarily benefits Americans, not Vietnamese. It allows the U.S. Export-Import Bank and the Overseas Private Investment Corporation to support American exports and jobs.

This is not about normal trading relations or expanding access to the U.S. market. We not yet provide NTR status to Vietnam, although Vietnam provides NTR status to the United States.

We can only have normal trading relations with Vietnam if we conclude an agreement that would increase U.S. access to the Vietnamese market. That would be the time to debate whether it serves our Nation's interest to have normal trade relations with Vietnam.

The Jackson-Vanik amendment was all about trying to apply leverage on the Soviet Union in the 1970s to increase Jewish emigration. The Soviet Union no longer exists. But it was written into permanent law to affect all ''non-market economies,'' including Vietnam.

Is Vietnam perfect? No, far from it. But look how far Vietnam has come and U.S.-Vietnam relations have come in five short years:

Before 1994, the U.S. and Vietnam had no political or economic relations;

In January 1994, JOHN MCCAIN and JOHN KERRY offered an amendment calling for and end to the U.S. economic embargo on Vietnam;

In February 1994, President Clinton followed the lead of the Senate and ended the U.S. trade embargo;

In July 1995, the President granted diplomatic recognition to Vietnam;

In April 1997, the Senate confirmed our first Ambassador to Vietnam, Pete Peterson; and

In March 1998, the President waived the Jackson-Vanik law and permitted our trade promotion agencies to operate in Vietnam. This has always been the first step to full compliance with the law, the negotiation of a trade agreement, and the establishment of normal trading relations.

The Senator from New Hampshire honestly believes that turning back the clock of the last five years is a better policy than engagement. I respect the Senator's views, but believe that his position is simply wrong.

I will not engage in the debate on whether emigration from Vietnam is totally free. Vietnam itself is not totally free. Far from it. But there has been tremendous improvement.

In fiscal year 1998, 9,742 Vietnamese were granted immigrant visas to the United States under the ''Orderly Departure Program.'' The State Department expects that number to rise to 25,000 this year and 30,000 next year.

In the last 15 years, 500,000 Vietnamese have immigrated to the United States, and very few refugees remain to be processed. As a result of the first Jackson-Vanik waiver granted last year, Vietnam's cooperation on immigration matters has intensified.

The State Department expects that processing will be completed for all special caseloads, including the Orderly Departure Program [ODP] and the Resettlement Opportunity for Vietnamese Returnees [ROVR] programs.

Again, we must consider how to encourage Vietnam to do even more to open up its society, its economy and its political system. Do we encourage openness through isolation? No, we spread American values through economic, cultural and political contact between our two peoples.

I urge defeat of this motion, and I yield back the remainder of my time. I thank the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I say to my colleague from Nebraska, with respect, if there is information and evidence which indicates that Vietnam or China—but, in this case, Vietnam—was not following the spirit and intent of Jackson-Vanik, why does my colleague oppose the opportunity to have me present that information to the Senate? We may respectfully disagree after looking at all the information, but it seems to me a reasonable request on my part to discharge this. To not discharge it, I say to my colleagues, bottles it up, does not give us the opportunity to debate it, does not give me the opportunity to present to my colleagues information I have that will show dramatically that that is not the case.

I only have, at the most, 15 minutes, so let me do it as quickly as I can with the facts at my disposal. I regret very much I am not going to get the opportunity, unless my colleagues support me on this.

This is a memorandum from the Joint Voluntary Agency that runs the Orderly Departure Program in Bangkok, July 14, 1999:

REQUEST FOR REFUGEE STATISTICS AND ASSESSMENT OF ODP CASES

Corruption and Bribery by the Vietnamese Government: Although ODP has no formal statistics . . . over the years we have received and continue to receive communications from ODP applicants that point to consistent and continuing cases of bribery, extortion and other kinds of malpractice. . . .

Re-education Camp Detainee Caseload: At the present rate of granting interview permission, we do not expect Re-education Camp Detainee Caseload to be completed by the end of [the] Fiscal Year. . . .

Contact With the Montagnards: Prior to March, 1998, people from this ethnic group experienced tremendous difficulties communicating with ODP . . . Since March, 1998, contact with the Montagnards has continued to be limited. The Socialist Republic of Vietnam has made it clear they do not want ODP to contact applicants directly. . . .

I do not have the time to get into this. I want to take the time. Please give me that opportunity. This is the Joint Voluntary Agency that runs the Orderly Departure Program in Bangkok. They do not have an ax to grind with anybody. They are trying to do their job. My colleagues are not going to give me the time, if you defeat my motion to discharge, to bring this information to the forefront.

Let's look at another one. This is a memorandum from the Joint Voluntary Agency, Orderly Departure Program, American Embassy, Bangkok, July 14, 1999:

REQUEST FOR REFUGEE STATISTICS AND ASSESSMENT OF ODP CASES

The Socialist Republic of Vietnam has frequently determined applicants did not meet ODP criteria, despite our confirmation that they did; many applicants are still awaiting interview authorization . . . As of July 9th, there are 3,432 ODP refugee applicants and 747 ROVR applicants awaiting Vietnamese Government authorization for interview . . . ODP has continually received requests from applicants for assistance in dealing with local officials; many applicants originally applied to ODP as long ago as 1988 but have yet to be given authorization by the Vietnamese Government to attend an interview.

Impact of Jackson-Vanik Waiver: It would not appear that Jackson-Vanik had a telling impact on ODP activities . . . Staff [of the Joint Voluntary Agency] are of the opinion that there has been little, if any, indication of improvement in the Vietnamese Government's efforts to deal with remaining ODP cases.

If given the opportunity, I will present to you that evidence. I do not have time in another 5 or 6 minutes.

This is from the State Department, Dewey Pendergrass, most recent Orderly Departure director and current director of Consular Services in Saigon, November 24, 1998. Listen to what the State Department is saying. Because they support MFN with China, because they are not paying any attention to ODP, they do not care about these people who are trying to desperately get their loved ones out and paying exorbitant fines and fees and still cannot get them out. Listen to what he says and then tell me you do not want to give me opportunity to debate this:

Generally speaking, I would discourage any dialogue with the U.S. Catholic Conference or the International Catholic Migration Commission, or any of the other refugee advocacy organizations, on Vietnamese refugee processing . . . You are dealing here with true believers.

My God, true believers. They want to get these people out. They are trying to get them out of Vietnam. They are trying to stop the persecution so they are labeled ''true believers.'' What is wrong with that? This is a State Department official. This is a memo we are not supposed to have:

I would not try to explain why we are doing what we are doing. From long and unhappy experience, I can assure you that you do not want to get mired in a ''dialogue'' with these guys . . .

Of course not; if you get mired in a dialog, you will find out the truth. God forbid we find out the truth. Let's sweep it all under the rug. Let's make sure we get most-favored-nation treatment for this communist dictator group that tramples on the human rights of its own people, refuses to give us answers still on our missing service personnel, and we are going to sweep this under the rug.

Dewey Pendergrass from the State Department says this. Let's finish it:

As I said, these are true believers, and they are fighting at this very moment to expand refugee processing as we near the completion of the residual caseload . . . I'm sounding paranoid here, right? Believe me, I know whereof I speak . . . I really am not exaggerating. Again, I recommend that you do not meet with them, not explain, not apologize, regardless of any professional courtesy you may think is due. Just send the polite acknowledgment.

The State Department, which is there to help these people, is making those kinds of comments. It is an absolute insult, and the man should be fired on the spot.

To: Joint Voluntary Agency.

From: Orderly Departure Program, Bangkok.

Subject: JVA Failure to Destroy Denied Ameriasian Files Over Two Years Old as Instructed by Department of State.

So now we are going to destroy files to make darn sure that if they have any opportunity to get out, they will not be able to get out. Ameriasians are children of American servicemen and Vietnamese women:

The Department has asked me to determine the reason for JVA's failure to destroy the old files on Ameriasian cases denied over two years ago as instructed. I note that JVA has been instructed in writing to perform this task several times—

To destroy these files.

I am hoping that you will be able to provide me with a satisfactory reason why these specific directions have not been carried out.

He is chewing somebody out because they did not destroy these files on people who are desperately trying to make contact with their fathers, their loved ones.

The goal of these reports is simple: to tell the truth about human rights conditions . . . These reports form the heart of United States human rights policy, for they provide the official human rights information based upon which policy judgments are made. They are designed to provide all three branches of the Federal Government with an authoritative factual basis for making decisions . . .

Testimony before Congress.

The 1998 country Reports on Human Rights Practices: Vietnam. Released February 26, 1999, by the U.S. State Department:

The Socialist Republic of Vietnam is a one-party state rule and controlled by the Vietnamese Communist Party. The Government's human rights record remains poor.

Poor, yet it is supposed to be good—it is not excellent —to have a waiver.

There were credible reports that security officials beat detainees. Prison conditions remain harsh. The Government arbitrarily arrested and detained citizens. . . .

I say to my colleagues, give me the opportunity to get into the details on this before we vote. All I am asking is to discharge this so I can get on the floor and get into the details of these kinds of abuses.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Six minutes, 25 seconds.

Mr. SMITH of New Hampshire. In the same report:

Citizens' access to exit permits frequently was constrained by factors outside the law such as bribery and corruption. Refugee and immigrant visa applicants to the Orderly Departure Program sometimes encountered local officials who arbitrarily delayed or denied exit permits. . .There are some concerns that some members of the minority

ethnic groups, particularly nonethnic Vietnamese, such as the Montagnards, may not have ready access to these programs. The Government denied exit permits for emigration to certain Montagnard applicants.

And on and on:

Vietnam's Politburo has issued its first-ever directive on religion, in an apparent bid to tighten Communist Party control over the clergy and over the places of worship. Although no religions are mentioned by name, the directive, published in the official Nhan Dan daily, targets the unofficial Buddhist Church and the Catholic Church.

Unofficial. Interesting.

Banned practices include organizing meetings, printing and circulating bibles, constructing and renovating places of worship. . .The Communist Party strictly controls all religious matters in Vietnam and many members of the Buddhist Church and the Catholic Church are presently in detention or under house arrest.

French Press Agency of Hanoi, July 8, 1998.

I say to my colleagues, we need to expose this. Why would you deny me the opportunity to bring this matter to the floor? I urge you, please give me the opportunity to get into these matters in the time allocated under the rules. Yes, it is 20 hours equally divided, 10 hours each. Will I use 10 hours? Absolutely not; a couple hours probably would do it.

If my colleagues are not familiar with these issues, it will open their eyes. I have very specific details about what is happening to these people. If Senators oppose me and they do not believe it, then come down here and present the alternative information for my colleagues and let our colleagues make the choice. But give me the opportunity by supporting me on this discharge. Do not let it stay bottled up.

That is the rule, and I respect the rule. The rule is, it stays there. If the Finance Committee does not discharge it, it goes away. I know that. That is why I am trying to discharge it. It goes away in the sense that the Jackson-Vanik waiver is granted because the burden is on us to prove otherwise. I want that opportunity, but I cannot get it if you leave it buried in the Finance Committee and do not discharge it. That is not a full debate.

Help me look at the issue. The bill needs to be put on the Senate calendar so we can have debate. I repeat, if my colleagues missed it, I am not trying to take the Senate's time. If there is something else the leaders want out here, that is fine. I will work out something with the leaders where we can do 20 hours equally divided at any time the leader thinks it is appropriate.

Also, when we delegate waiver powers to the President—let me go back to the Constitution of the United States, article I, section 8—we lose our constitutional prerogative. We have the right to debate this. Do not give up our constitutional prerogative to debate it. Do not be afraid to come out on the floor and challenge me on what I have to offer. I welcome it. I look forward to it.

I hope no one will come down here and say: Let's have the House kill this first so we do not have to be accountable to the voters. That is basically the pitch being made by my friend, the chairman of the Finance Committee: Let's have the House kill the bill first, and then there will not be any need for us to debate it at all.

Vote for the discharge motion. Let's get on with the debate, under the time agreement we will be bound by, and then the Senate can make an informed judgment and go on record in favor or in opposition as to whether President Clinton's waiver of freedom of emigration requirements, in the context of our trading with Vietnam, is appropriate or not. That is all I am asking.

I pray this body will not put the concerns about business profits or most favored nation over principle. Support the discharge motion. Give me the opportunity to make these cases.

I ask unanimous consent to have printed in the RECORD a letter from John Sommer of The American Legion written to Congressman Philip Crane, the chairman of the Subcommittee on Trade, Committee on Ways and Means, in support of discharge.

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

THE AMERICAN LEGION,
Washington, DC, June 22, 1999.

Hon. PHILLIP M. CRANE,
Chairman, Subcommittee on Trade, Committee on Ways and Means, House of Representatives, Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: It is unacceptable to The American Legion for the United States to put business concerns over the fate of Vietnamese citizens who fought alongside us during the Vietnam war, and who have sacrificed so much for so long and are still unable to freely emigrate to this country.

The American Legion recognizes that the U.S. business community is concerned with maintaining and strengthening economic ties in Vietnam, but we cannot let these commercial interests take precedence over the destiny of our former allies who assisted us and are still loyal to our cause. The retention of the Jackson-Vanik waiver can be a powerful sign to show that we honor our commitments to human rights.

Obstacles continue to exist on the road to free emigration for Vietnamese who want to come to the United States and other countries in the free world. Ethnic groups that were allied with the Americans during the war, namely the Montagnards, and former employees of the U.S. government are still discriminated against by the Vietnamese government when applying and processing through the Resettlement Opportunities for Vietnam Returnees program (ROVR), the Orderly Departure Program (ODP), and others.

What better way to show that we truly are committed to allowing those Vietnamese who have remained faithful to the United States to emigrate than by denying U.S. exporters to Vietnam access to U.S. Government credits. This would be a powerful signal that we demand increased progress and cooperation on the part of the Vietnamese government.

The American Legion strongly urges you and sub-committee members to not grant the Jackson-Vanik waiver for this year.

JOHN F. SOMMER JR.,
Executive Director.

Mr. SMITH of New Hampshire. Mr. President, I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I yield 5 minutes to the distinguished Senator from Arizona.

Mr. MCCAIN. I thank the Senator from Montana for yielding me time.

Mr. President, just a few facts. We process 96 percent of the ROVR applications. Last year we processed only 78 percent. The Jackson-Vanik waiver is working. Almost 16,000 applicants have been granted admission to the United States. Today there are only 79 outstanding ROVR cases. Last year there were 1,353 outstanding cases.

Mr. President, I oppose this motion to discharge from the Senate Finance Committee. It disapproves the extension of the Jackson-Vanik waiver for Vietnam. I do so because I believe the House should properly act first on a measure of this nature, because the committee should be afforded the opportunity to render judgment on Senator SMITH's resolution before it is taken up by the full Senate, and because Vietnam's Jackson-Vanik waiver, like China's normal trade relation status, is too important to fall victim to the political currents buffeting the Senate at this time.

As we all know, procedurally, the Senate has traditionally reserved consideration of Jackson-Vanik waivers and the granting of normal trade relation status until after the House has acted. As my colleagues know, the House Ways and Means Committee has unfavorably reported the House resolutions of disapproval for both Vietnam's Jackson-Vanik waiver and China's normal trade relation status. These measures are scheduled for floor action in the House. The Senate should not rush to judgment on either of these measures until the House has voted on them. Indeed, the Senate has over 40 remaining days under the statutory deadline for action on the waiver.

Substantively, the Jackson-Vanik amendment exists to promote freedom of emigration from non-democratic countries. The law calls for a waiver if it would enhance opportunities to emigrate freely. Opportunities for emigration from Vietnam have clearly increased since the President first waived the Jackson-Vanik amendment in 1998. The waiver has encouraged measurable Vietnamese cooperation in processing applications for emigration under the Orderly Departure Program and the Resettlement Opportunity for Vietnamese Returnees agreement, ROVR.

The Jackson-Vanik waiver has also allowed the Overseas Private Investment Corporation, the Export-Import

Bank, and the Department of Agriculture to support American businesses in Vietnam. Withdrawing OPIC, EXIM, and USDA guarantees would hurt U.S. businesses and slow progress on economic normalization. It would reinforce the position of hard-liners in Hanoi who believe Vietnam's opening to the West has proceeded too rapidly.

Let me assure my colleagues that I harbor no illusions about the human rights situation in Vietnam. There is clearly room for improvement. The question is how best to advance both the cause of human rights and U.S. economic and security interests. The answer lies in the continued expansion of U.S. relations with Vietnam.

Although the Jackson-Vanik waiver does not relate to our POW/MIA accounting efforts, Vietnam-related legislation often serves as a referendum on broader U.S.-Vietnam relations, in which accounting for our missing personnel is the United States' first priority. Thirty-three Joint Field Activities conducted by the Department of Defense over the past 6 years, and the consequent repatriation of 266 sets of remains of American military personnel during that period, attest to the ongoing cooperation between Vietnamese and American officials in our efforts to account for our missing servicemen. I am confident that such progress will continue.

It really does not serve much of a purpose for us to have divided opinion on the degree of Vietnam cooperation. We should rely on the opinion of the U.S. military who are there on the ground in Vietnam doing the job. Invariably, they will attest to the cooperation, despite perhaps the hopes of others. They will attest that the fact is the Vietnamese are providing full cooperation as far as resolution of the Vietnamese POW/MIA issues. Again, do not take my word for it; take the word of the American military who are on the ground doing the job.

Just as the naysayers who insisted that Vietnamese cooperation on POW/MIA issues would cease altogether when we normalized relations with Vietnam were proven wrong, so have those who insisted that Vietnam would cease cooperation on emigration issues once we waived Jackson-Vanik been proven wrong by the course of events since the original waiver was issued in March 1998.

The Jackson-Vanik amendment was designed to link U.S. trade to the emigration policies of communist countries, primarily the Soviet Union. The end of the Cold War fundamentally restructured global economic and security arrangements. As the recent expansion of NATO demonstrated, old enemies have become new friends. Moreover, meaningful economic and political reform can only occur in Vietnam if the United States remains engaged there.

Last year, I initiated a Dear Colleague letter to Members of the House of Representatives, signed by every Vietnam veteran in the Senate, except Senator SMITH, who has opposed every step in the gradual process of normalizing—I ask for 1 additional minute.

Mr. BAUCUS. I yield 1 minute to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, the Dear Colleague letter to Members of the House of Representatives was signed by every Vietnam veteran in the Senate except Senator SMITH, who has opposed every step in the gradual process of normalizing our relations with Vietnam over the years.

There are those in Congress, including Senator SMITH, who remain opposed to the extension of Vietnam's Jackson-Vanik waiver. But they do not include any other U.S. Senator who served in Vietnam and who, as a consequence, might be understandably skeptical of closer U.S.-Vietnam relations.

That body of opinion reminds us that, whatever one may think of the character of the Vietnamese regime, such considerations should not obscure our clear humanitarian interest in promoting freedom of emigration from Vietnam. The Jackson-Vanik waiver serves that interest. Consequently, I urge my colleagues to oppose Senator SMITH's extraordinary motion to discharge consideration of his resolution from the Finance Committee.

I yield the floor.

Mrs. FEINSTEIN. Mr. President, I rise in opposition to the motion made by the Senator from New Hampshire to discharge S.J. Res. 27, which would disapprove of the President's recommendation of normal trade relations with China, from further consideration by the Committee on Finance.

My opposition to this motion is based both on procedural grounds as well as my opposition to the policy goals advocated by the proponents of this motion.

Aside from these procedural questions raised by this motion —whether the Senate should act in advance of the House and whether the committee should be discharged of this resolution before it has the opportunity to give it full consideration—which have been eloquently addressed by the chairman and ranking member of the Finance Committee, there is also a real factual question raised by this motion which must also be addressed.

The factual question is this: Is it in the U.S. interest to continue to extend normal trade relations to China?

In my view it is.

The United States extends NTR to all but a handful of rouge states: North Korea, Afghanistan, Cuba, Laos, and the Former Republic of Yugoslavia (Serbia and Montenegro). Even Iraq and Iran—two countries which the United States is trying to isolate—currently have NTR. Placing China on a short list or rouge nations to whom we deny NTR would be an irreversible step in the wrong direction and a severe blow to the national interest of the United States.

Let us remember, we do not extend NTR to China as a favor to China, but because maintenance of NTR with China is in our national interest.

It is in our national interest as a matter of simple economics. The United States benefits from, and should continue to foster, free and fair trade with China.

In 1991, United States-China bilateral trade totaled $25 billion. Last year it was close to $85 billion. In 1991 China was our eighth largest trading partner. Today it is our fourth, and still moving up fast.U.S. trade with China supports hundreds of thousands of American jobs. Revoking China's NTR status would be shooting ourselves in the foot.

Indeed, for my state, California, the growth of trade relations with China over the past decade has been just as dramatic. In 1998, exports to China and Hong Kong together were California's fourth largest export destination. In 1998, while California's total exports declined 4.17%, due to the Asian financial crisis, our exports to China (not including Hong Kong) increased 9.28%.

Critics of United States-China trade relations may argue that even though U.S. exports to China have more than doubled in the past decade, Chinese exports to the U.S. have gone up even faster, resulting in a sizable trade deficit. I would reply that this underscores the importance of normalizing and improving our trade with China through continued NTR: U.S. companies must get continued and better access to emerging Chinese markets.

Extension of NTR is in our national interest because the United States will benefit by the further integration of China into the world trading system. The stakes are huge. Extension of NTR is a necessary precursor for Chinese accession to the WTO, which presents us an historic opportunity to integrate China—soon to be the world's largest economy—into the international trading system.

Extension of NTR is in our national interest because having China in the world trading system levels the playing field. The WTO's system of reporting, compliance, and dispute resolution would require China to play by same rules all WTO members follow.

Extension of China's NTR status is in our national interest because history has shown us that, despite the turmoil of the past few months, U.S. trade and engagement with China has encouraged economic, political, and social change in China. These changes have improved the living standards for millions of Chinese and reduced cold-war tensions.

Those who are serious about seeing China continue to change will understand and realize that extension of NTR is the best course of action for the U.S. to follow.

There is no question that China's political system remains undemocratic. But we should not fail to acknowledge the progress that has been made over the past two decades, thanks in part to the leverage provided by U.S. trade. To acknowledge this change is not to minimize the real problems that do exist; it is only to recognize that changes are taking place, and that many of these changes are a direct result of greater engagement with the West.

To seek to deny China NTR status is tantamount to seeking to slam shut the Chinese people's door to a free world, and consigning them to isolation and repression. That is certainly not in our national interest, and it is not in the interest of the Chinese people, either.

Mr. President, I urge my colleague to oppose this motion.

Mr. LEAHY. Mr. President, today I am voting in support of Senate Joint Resolution 27 which would disapprove normal trade relations treatment to products produced in the People's Republic of China. I do so not because I do not want to see normal trade relations with China. Rather, it is because I do not believe the Chinese Government deserves this treatment until it ceases its brutal repression of Tibetans and others who support democracy.

But there is a more specific concern I have about the fate of one individual, which has caused me to support this Resolution.

For over 3 years people from around the world and all walks of life have sought the release of and information about Mr. Ngawang Choephel, a Tibetan who studied ethnomusicology at Middlebury College in Vermont on a Fulbright Scholarship. On December 26, 1996, after detaining him incommunicado for months, Chinese authorities sentenced Mr. Choephel to 18 years in prison for espionage. His crime? Making a documentary film about Tibetan music and dance.

Since his arrest, Mr. Choephel's mother, Ms. Sonam Dekyi, has been actively seeking his release, as well as permission from the Chinese Government to travel to Tibet to visit her son. Although Ms. Dekyi has tried repeatedly to obtain a visa from the Chinese Embassy in New Delhi and written to the Chinese Prison Administration's Direct General about her request, Chinese authorities falsely deny knowledge of her request.

United States officials have raised Mr. Choephel with the Chinese Government at the highest levels. I have twice discussed my concerns with Chinese President Jiang Zemin, once in Beijing and again in Washington. I asked him to personally review Mr. Choephel's case. I and other Members of Congress have written many letters to Chinese officials on Mr. Choephel's and his mother's behalf. I have tried to discuss his case with Chinese authorities here in Washington, DC, as has my staff. What has been the response? Deliberate and utter disregard of my inquiries.

Mr. President, until the Chinese Government provides satisfactory answers to my questions about Mr. Choephel's whereabouts, his health, the reasons for his incarceration and the evidence against him, and permits his mother to visit him as she is entitled to, I cannot in good conscience vote for normal trade relations with China.

Mr. BAUCUS. How much time is remaining on each side?

The PRESIDING OFFICER. The Senator has 8 minutes 20 seconds.

Mr. BAUCUS. The other side?

The PRESIDING OFFICER. There is 1 minute 29 seconds remaining for the other side.

Mr. BAUCUS. I deeply appreciate the concerns of the Senator from New Hampshire. I think we all do. This is not an easy issue. But I think it is important to ask ourselves what is the best way, what is the most likely way, we Americans will properly help achieve the objectives we are looking for in Vietnam, and I daresay also with China, because the China discharge resolution will be up before us at a later time today.

I oppose both of the motions to discharge. I daresay most of my colleagues will also oppose both of those motions. It is my judgment, and I think the judgment of most of us, that there are some differences between the United States and Vietnam and there are some differences between the United States and China. We know there are. But how do we best accomplish our objectives with these two countries?

I believe it is best to continue with the Jackson/Vanik waiver with Vietnam and what is called a ''normal trading relationship'' with China, which, essentially, is really less than average because the United States has trade agreements with many other countries which, in effect, provide for much better than average trading relations.

So we are really talking about the bare minimum standard for trading relationships. If we continue that standard for trade, that is, MFN or NTR, we will be more likely—working through other channels, and government to government or group to group—to accomplish the goals for which we are looking.

The world is changing. It is changing dramatically. Trade and commerce are so key, so vital. The more trade is encouraged among countries—particularly Vietnam and China—clearly, the more help we provide those countries in the form of government and judicial systems and enforcement systems that can be relied upon with predictability worldwide, not only for America but for other countries.

That is really the objective. There are certainly problems with Vietnam and with China. But we should deal with those issues on the levels in which they occur, whether it is China with human rights or nuclear proliferation or missile technology transfer or Taiwan or the accidental bombing of the Chinese Embassy in Belgrade. We should deal with those issues one at a time; that is, not deny minimal trade relationships with a country just because we have other considerations and other problems.

The Senator from New Hampshire says he does not have the time to present his case. The Senator from New Hampshire has lots of time to present his evidence in many different ways before the Senate. If he has a strong case, a compelling case, that would encourage the Senate to take another position, I encourage the Senator to give it. There is morning business. There are lots of opportunities for the Senator to provide the information he says he has.

I am not really sure he has much more than he already provided. I note that other Senators, on both sides of the aisle, Senators who have served in Vietnam—including Senator MCCAIN from Arizona and Senator KERRY from Massachusetts—as the Senate has heard, very strongly oppose this discharge motion. They believe that nontrade issues are more likely to be dealt with successfully along the path that has been taken already in the past.

Countries have interests. Vietnam has an interest in world affairs; China does; the United States does. We have to deal with this in a solid way. The phrase that is often used is ''engagement.'' I think engagement makes sense, but more importantly it should be ''engagement without illusions''; that is, we talk with countries, we negotiate with countries, we have to keep communicating with countries and looking for ways to find solutions. Engaging without illusions—without illusions that everything in that country is going along perfectly well. We have to be very realistic about things.

It is also important to remember at this time in the history of the world that with the United States so big and so powerful, it is beginning to cause some resentment worldwide. That is a new challenge facing America, how to deal with it, how to deal with that angst, how to deal with that concern that maybe we are too big, we are too inclusive, the English language pervades too much, the Internet uses the English language; American culture, McDonald's, and movies are too pervasive in countries; American military might is just too overwhelming, even by European standards; the concern that we might, since we did not lose a

single life in Kosovo and won, that militarily we might deal with other areas in the same way.

There are lots of different concerns people have now, watching what America has done in the last several years. So we have to be careful. We have to be prudent. To deny something that is normal and expected, that is, a normal trade relation with China, would be unsettling and would cause many more problems than it is going to solve.

I fully understand the points of the Senator from New Hampshire, but often there are different ways to skin a cat. The cat we are trying to skin is the effective way, not the ineffective way. It is my judgment that the effective way is to continue the dialogue, continue the engagement, and continue the engagement without illusions but continue it nevertheless. I respectfully urge my colleagues to vote against the motion to discharge the petition.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. It is my understanding I have 1½ minutes.

The PRESIDING OFFICER. That is correct.

Mr. SMITH of New Hampshire. Mr. President, I say to my colleague from Montana, I know he understands, but he doesn't understand enough to let me have the opportunity to debate it. Under the rule of Jackson-Vanik, I have the right to have the 20 hours equally divided on the Senate floor. That is the time to do it so that it is not misdirected in morning business somewhere.

In response to Senator MCCAIN, yes, there are six out of seven Vietnam veterans in the Senate who support not debating this, who say the Jackson-Vanik waiver should be granted, but there are 3 million or so in the American Legion, at least represented by a letter from the American Legion, who think otherwise. I am not sure what the point is on that one.

We have to feel very confident the waiver has reduced bribery and corruption. Here is the law. It says to assure continued dedication to fundamental human rights, if these things happen, you should not grant the waiver. No. 1, does Vietnam deny its citizens the right to emigrate? Yes. I can prove it, but nobody wants to hear it. No. 2, does it impose more than a nominal tax on emigration and the other visas? Yes, and I have a stack of names of people, Vietnamese nationals, who have said yes.

The bottom line is, if the Senate won't give me the chance to debate it, then as far as I am concerned my colleagues do not want to hear the facts. I can't give them, as I said before, in 30 minutes.

I urge support of my resolution so that we have the opportunity to debate this on the Senate floor.

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

All time has expired.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business for not to exceed 40 minutes, to be equally divided between the majority leader and the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Montana.

(The remarks of Senator BAUCUS pertaining to the introduction of S. 1395 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. BAUCUS. I thank the Chair.

The PRESIDING OFFICER. The Chair recognizes the majority leader.

THE CONSERVATION AND REINVESTMENT ACT OF 1999

Mr. LOTT. Mr. President, I am delighted to engage in a colloquy now that will involve a number of other Senators but particularly Senator LANDRIEU of Louisiana. I hesitate to even begin until she is present on the floor, but I presume she will be here momentarily.

In her absence, I will praise her for her work on this particular legislation, S. 25, the Conservation and Reinvestment Act of 1999. Her persistence, her willingness to work with all parties involved—I don't mean political parties; I mean those who are interested in this type legislation—has made it possible for us to have this bill put together and have it before the Energy Committee and have not only the cosponsorship of her colleague from Louisiana but also of the chairman of the Energy and Natural Resources Committee, Senator MURKOWSKI. It has a broad spectrum of support, and I think a lot of the credit goes to the Senator from Louisiana, Ms. LANDRIEU.

I must say, it is a delicately balanced piece of legislation. If amendments start being added or changes start developing, then it could get out of control. And even though I am a cosponsor, I would have problems with that, even though clearly every piece of legislation can be improved as it goes forward.

I bring to the attention of my colleagues S. 25. The American public has an exciting opportunity for this Congress to enact landmark legislation that will make a long-term commitment to natural conservation initiatives. We have the opportunity to begin the next century with the same major commitment to conservation that the Nation had at the beginning of the century under the visionary leadership of President Teddy Roosevelt. I believe this legislation will serve our Nation well for generations to come. I intend to be involved in its process through the committee and, hopefully, we will be able to bring it up for consideration in the full Senate before the year is out.

This legislation would dedicate a portion of the annual reserves received from the production of Federal oil and gas revenues on the Outer Continental Shelf to a variety of initiatives that will conserve and enhance our Nation's sustaining and renewable resources. I am pleased to be a sponsor, joining a broad spectrum of my colleagues. The legislation, which is modeled after the Mineral Leasing Act of 1920, will reinvest 50 percent of the revenues from the Federal OCS oil and gas production annually in coastal impact assistance and coastal conservation, in funding national, State, and local parks and recreation opportunities, and in conserving our Nation's wildlife resources before those wildlife fall into threatened or endangered status under the Endangered Species Act.

It does have the support of various groups. I have felt for years that those of us who live along the coasts and who take whatever risks are associated with offshore oil and gas exploration should get some benefit from that activity and from the risks associated and that we should have the funds that are necessary to deal with such things as beach erosion, to preserve some of our delicate estuaries along the coastal areas. We have not been getting our fair share.

So for the first time, I think this bill would move us in that direction. Similar legislation has been introduced in the House of Representatives, H.R. 701, introduced by Congressman DON YOUNG, chairman of the House Resources Committee, with the cosponsorship of Congressman DINGELL and Congressman TAUZIN and others. I believe they have some 80 cosponsors.

This important legislation will affect not just my State or not just the coastal regions but the whole Nation. We are facing a continuing shortage of funds in wildlife conservation initiatives, for State and local parks and recreation initiatives, for conservation initiatives with respect to the peculiar problems that confront our coastal regions, but also there are great concerns in the West and the areas that are a long way from the coast.

Under the Mineral Leasing Act of 1920, one-half of the revenue from Federal mineral resources that are developed in a State are shared with that State by the Federal Government. Unfortunately, a similar provision does not exist with regard to Federal oil and gas resources that are produced off the coast of a State, even though the adjacent coastal area could suffer impacts from that activity. Not until 1986 did the Federal Government share any of the Federal OCS oil and gas revenues

with the coastal States, and then only a small portion of that revenue from those offshore activities occurring in the first 3 miles of the OCS. The Conservation and Reinvestment Act of 1999 will correct this inequity while also reinvesting a portion of the funds in conservation initiatives in all 50 States.

The concept of reinvesting a portion of the revenue from the Nation's nonrenewable resources in renewable resources of the Nation has attracted the support of Governors, mayors, county governments, conservation groups, sports groups, and others around the Nation. The congressional hearings have created a record of great and broad support.

Some of the highlights of that testimony include Mr. Hurley Coleman, director of Wayne County, MI, Division of Parks. He testified:

> You have the chance right now to take the place of the visionaries of the past and support a process that will provide for development, renovation and enhancement of critical recreation resources in important living spaces throughout the country.

He went on to say this was a moment of destiny. Obviously, he was very supportive of the bill.

Mr. Mark Van Putten, President and CEO of the National Wildlife Federation, testified that it presented an ''historic opportunity to enact permanent and meaningful conservation funding that would benefit wildlife, wild places, and generations of Americans to come.''

We had support from the commissioner of Santa Fe County in New Mexico on behalf of the National Association of Counties who endorsed the principles of this act that would reallocate Outer Continental Shelf oil and gas revenues to the Land and Water Conservation Fund, a coastal State revenue sharing program, and add funding to the Urban Park and Recreation Recovery Program and establish an innovative procedure for adding funding for the Payments in Lieu of Taxes Program.

That is a very important thing. In my State, and a lot of States where the Federal Government owns a large amount of land—in my State, timberlands—and because, in my opinion, of bad national forest policies, those funds have been reduced. We are not cutting the trees that need to be cut. We had a disaster last year; a hurricane went through that affected two or three States. And because of resistance from certain environmental groups, the downed timber could not be removed. Now it is basically useless. Who benefits from that? Nobody. The timber that was downed wasn't used for the benefit of the lumber-timber industry. And by allowing it to just lay there on the ground and die raises the prospect of insects that would then infest other trees. It makes no sense whatsoever. So the idea that we would get some more money for the payments in lieu of taxes is very attractive to me.

Governor Tom Carper of Delaware, on behalf of the National Governors' Association, testified in support of this legislation. Governor Christine Todd-Whitman of New Jersey also supported it. Mayor Victor Ashe, the mayor of Knoxville, came and testified about how helpful this legislation could be.

I know there are some concerns about how this money will be used. There has been some concerns expressed by the Farm Bureau and by the Loggers Association. These are two groups that are very important in this country and in my State in particular. I listened to them.

If they have concerns about how these funds would be used in connection with land use, I would want to hear them out and make sure there is not a problem technically with the bill or make sure this bill does not further discourage and dissipate our resources from farming and from timber in this country. I also don't want this to become an opportunity for public land use groups to try to grab more land.

While there are some public lands we want to have access to, we want to preserve, that is fine. But I think this administration, in particular, has been exceeding what the law allows and is still trying to tie up more Federal lands when, in fact, we are providing proper stewardship of the lands we already have. One example is the Park Service. Many of our national parks are deteriorating. Bridges are not passable, monuments eroding. Yet the Park Service seems to be more interested in adding more land to the parks before we take care of what we already have.

This bill may help deal with that problem because it would make these funds more equitably available to go for not only coastal preservation but also could go to the national and State parks.

I think we have a good idea here. It is one of those conservation bills that I think could be of benefit to everybody in this country, all States, and particularly my own State of Mississippi. I don't generally go on bills of this nature because I am very leery that these conservation efforts sometimes become—let's see, what is the word I am looking for—''confiscation'' efforts rather than conservation. I don't believe that is what this bill does. This could lead us to some real good policies that could bring together divergent groups in a way that we have not had the opportunity in the past.

I am pleased to be here and point out to my colleagues this legislation, S. 25. I encourage them to take a look at it. I thank the chairman of the committee for his good work, and I look forward to working with Chairman MURKOWSKI as we move forward on this very important Conservation and Reinvestment Act.

I yield the floor.

Mr. GREGG. Mr. President, who controls the time?

The PRESIDING OFFICER. The majority leader and the Senator from Louisiana, Ms. LANDRIEU.

Mr. GREGG. I ask if the Senator will yield me 3 minutes.

Mr. LOTT. I yield 3 minutes to the Senator from New Hampshire.

Mr. GREGG. Mr. President, I join with the majority leader in congratulating the Senator from Alaska and the Senator from Louisiana for putting forward this excellent proposal on land and water conservation. This is long overdue. I think it is an extraordinarily positive step.

The chairman of the key committee, Chairman MURKOWSKI, has decided to put forward this proposal, to support it, and to have the support of the majority leader.

Those are two pretty powerful figures in this Senate pushing forward on this extremely positive conservation initiative. From the view of the State of New Hampshire, the stateside land and water conservation fund is something in which we are very interested. There are places in this country today where I think their representative Senators maybe think that the Federal Government owns enough land. Maybe the Member in the Chair is from one of those places, being from Wyoming. But those of us on the eastern seaboard still see critical pieces of land we would like to have protected. We have a huge population, a megalopolis, running from Washington to Boston, that is always moving north.

In New Hampshire, there are critical elements of natural resources that need to be protected as we go through these massive expansions and these growth spurts, which are inevitable. The land and water conservation fund, over the years, has always been a positive force for protection and for allowing communities to do things they think are critical to making those communities better places to live—whether it happens to be building a park or a recreational area. Therefore, to refund or replenish the land and water conservation fund using the Outer Continental Shelf is absolutely appropriate and is absolutely critical if States such as New Hampshire, which are, unfortunately, in a wave of population growth, are going to be able to maintain their characteristics of being a rural environment and a pleasant place in which to raise a family.

I support Senator MURKOWSKI's bill, and I certainly appreciate the Senator from Mississippi, the majority leader, also being in support of this legislation. That bodes well for it.

Mr. LOTT. Mr. President, I yield such time as he may consume to the chairman of the committee. I see Senator LANDRIEU here, and I know she will want to speak.

Mrs. HUTCHISON. Mr. President, parliamentary inquiry. I don't want to interrupt the flow on this bill, but I wanted 5 minutes to talk about the 30th anniversary of the landing on the Moon. I wonder if I could have 5 minutes at the end of the colloquy.

Mr. MURKOWSKI. I have no objection.

Mrs. HUTCHISON. I thank the Senator.

Mr. MURKOWSKI. Mr. President, on behalf of my friend and colleague, Senator LANDRIEU, let me briefly comment on the status of the OCS revenuesharing legislation that we introduced some time ago. This is a significant addition to a much-needed reform and, as a consequence, it has been termed as the Conservation and Reinvestment Act of 1999.

The bill itself reinvests OCS revenues. When I say ''reinvests,'' I am specifically noting the reality associated from where this revenue comes. It comes from OCS activities of some States. It could include other States if indeed they wanted to have OCS activity exploration and production off of their individual shores. Some of the States have chosen not to. I appreciate and recognize their reluctance. But let's be realistic and recognize that in order to have a successful Conservation and Reinvestment Act, we have to have a continuation of OCS revenues occurring off the shores of some of our States—Louisiana, Mississippi, and other States.

My State of Alaska has a very small OCS activity; most of our activities are on land. But it is interesting to note the breadth of support for this legislation, which is related, to some extent, to those States that see an opportunity to generate a source of revenue. That is fine. That is the way Senator LANDRIEU and I constructed the legislation. Make no mistake about it, in order for it to be successful, we have to have, and encourage, OCS revenuesharing, as we have off the coast of Texas, and other States that I could mention.

This is a coastal impact assistance and State coastal program funding mechanism for the land and water conservation fund, including fulfilling a long-delayed promise of support for State, local, and urban park and recreation facilities, as well as State wildlife programs.

We have tried to cover a broad area of need, and I commend the Senator from Louisiana, Senator LANDRIEU, for her extraordinary ability to encompass, if you will, the various broad interest groups.

S. 25 gives States and local governments—and this is important—not the Federal Government, the responsibility for determining the conservation needs of their citizens and provides funding to help meet those needs.

Now, that is where we have a difference with the administration. The administration proposes that it is the Federal Government's responsibility to make these decisions, and we say no. There are some other bills floating around that also propose to give the Federal Government the authority. We think responsible citizens know what their needs are, and these funds should be provided so they can make the decisions to help meet those needs, not a one-size-fits-all Federal Government.

I encourage my colleagues to recognize the significance that the local people at the local level know what their needs are. A number of bills spending OCS revenues, and the administration's bill, which has been put forth, identifies the Lands Legacy Initiative. The Energy and Natural Resources Committee, which I chair and Senator LANDRIEU is a member of, has had a series of hearings on all these proposals. We have learned about the need for coastal impact assistance. We are aware of the unavoidable social and environmental impacts on States that host OCS development. The State of Louisiana, for example, and the State of Texas, host, if you will, the impact because the activity is off their shores. It is an unavoidable social environmental impact, so they should receive additional consideration.

Coastal impact assistance helps mitigate these burdens, even in States that prohibit oil and gas activity off their coast, such as the State of Florida, where there is a unique coastal and marine need associated with their set of priorities. We appreciate that and understand that.

We have also learned about the widespread support in this country for State park, recreation and wildlife programs from the hearings. We have heard from the mayors, Governors, easterners, residents of the Great Plains, soccer coaches, hunters, environmentalists, and farmers. As evidenced by the witnesses we have heard in the hearings and the hundreds of letters the committee has received, we understand that Americans want meaningful conservation legislation. That is what we have attempted to do. But don't forget from where it comes. It comes from OCS oil and gas activity. We have to have a continuation of support for those States that foster and recognize the contribution of OCS activities. But those States have to be recognized for the impact, and they have to share in this as well.

Now, their concerns have been expressed. We have had bills to provide money for Federal land acquisition. This may sound great to the Eastern States, where there is no public land. But for those of us out West, it is a little difficult to suggest that we are going to fund Federal land acquisition when many of us out West think the Federal Government owns enough of the land out there. If they want to fund the Eastern States, why, that is something different. This is a problem that has to be rectified.

Residents of States with significant Federal land are worried that these bills will lead to a massive Federal land grab. The Federal Government owns about 70 percent of my State of Alaska. I can understand the fears. Fortunately, when Texas came into the Union, they made sure the Federal Government didn't own any. If we had it to do over again, I can assure you we would do it differently. Nevertheless, when we talk about the bill providing money for Federal land acquisition, the people in my State of Alaska, and in many of the Western States—to suggest that they would become unglued is an understatement. They fear this legislation will result in a Federal land acquisition grab, not where it is needed.

The PRESIDING OFFICER. The Senator's time has expired. The Senator from Louisiana has 20 minutes.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that I may have 2 minutes to finish.

Ms. LANDRIEU. Yes, that is fine.

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

Mr. MURKOWSKI. I thank the Senator from Louisiana.

At the risk of understating the importance of this bill, what we have attempted to do is find a balance, develop a compromise; but each time we accommodate one group's special interest associated with this, there is a reaction from another group that perhaps gave us support and is concerned that we have gone too far in any one area.

As chairman of the Energy and Natural Resources Committee, my goal and objective in working with Senator LANDRIEU is to report a bill to the Senate floor. We must have a bipartisan bill. The bill is going to have to remedy the existing inequity in the distribution of OCS revenues. It is going to have to provide funds for State conservation programs. It is going to have to provide guarantees for a role of Congress in Federal land acquisition. In other words, Congress is going to have to have something to say about Federal land acquisition and purchases. Finally, it is going to have to assure westerners that there will be no gain of Federal land in their States—no gain of Federal land in the Western States.

This isn't going to be easy, but I think, working with Senator LANDRIEU and others, it is going to be worth the effort. Therefore, I look forward to working with my colleagues on this exciting opportunity, this exciting legislation. Previously, all of the OCS revenue has gone into the general fund. Now we have an opportunity to address this with some meaningful legislation that involves the OCS impact assistance, land and water conservation fund amendments, and the wildlife conservation fund under a formula that has been agreed upon.

I encourage my colleagues, in consideration of this language, to allow the local people to make the decision, not a disinterested bureaucracy, a Federal Government that dictates one size fits all.

I thank my colleague, the Senator from Louisiana, for her graciousness in allowing me this time and for her efforts to bring this before the body. I thank the majority leader, Senator LOTT, as well.

I yield the floor.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I thank the chairman, the Senator from Alaska, for his leadership in steering us to this point. We are just a short time away from having an opportunity to mark up this historic bill, if you will, this historic effort in his committee.

I want to say that all of our committees have tremendous responsibilities and very significant efforts are underway. But our committee, Energy and Natural Resources, in addition to this effort, has the chairman negotiating a restructuring of our electricity industry for this Nation and he is trying to maneuver through a waste disposal bill that has been a source of great controversy. I thank him for giving his time and energy and determination in moving through a historic piece of legislation for the environment. Perhaps if we can accomplish this—and I believe we can—future generations will look back on this effort.

I thank him and our majority leader, the Senator from Mississippi, who knows full well, from the perspective of a producing State, the significant negative impacts that are associated with an industry that both of us support and the opportunity here to do something positive for our States of Louisiana, Mississippi, and Alaska, as well as other States in the Nation.

I will reserve the remainder of my time, and at this point yield to one of my colleagues from South Dakota, who has so graciously joined us on the floor for this colloquy. As a member of one of the interior States, and as one of the leading spokespersons on this bill, I thank Senator JOHNSON for being with us today. I yield to him 5 minutes to speak on this important issue.

The PRESIDING OFFICER. The Senator from South Dakota, Mr. JOHNSON, is recognized.

Mr. JOHNSON. Mr. President, I thank Senator LANDRIEU for her leadership on this issue, as well as Chairman MURKOWSKI.

I think we have an enormous opportunity this year to at last reach a bipartisan agreement to increase significantly the funding for several critically important planned water and wildlife conservation programs. Several legislative efforts to establish mandatory funding for conservation programs utilizing Outer Continental Shelf, OCS, revenue are under bipartisan discussion.

I have been pleased to participate in hearings on these initiatives in the Senate Energy and Natural Resources Committee. All of the conservation legislation introduced this year proposed significant steps to support the restoration, preservation and conservation of our natural resources. The hearings in our committee have been extremely useful since, if we are to be successful this year, we have the daunting task ahead of us of drafting a compromise conservation bill which meets the diverse needs of all fifty states. Consequently, we need to hear as many perspectives and learn as much about the needs in the states as possible before we begin drafting a compromise bill.

Preserving our natural resources is an issue to which many of us in this body are committed. Earlier this year I joined 35 of my colleagues from both sides of the aisle in sending a letter to Budget Committee Chairman DOMINICI and Senator LAUTENBERG requesting full funding for the Land and Water Conservation Fund.

Further, during consideration of the fiscal year 2000 budget resolution, Senator BOXER and I offered an amendment to establish a conservation reserve fund. This amendment was unanimously approved by the Budget Committee, passed by the Senate but unfortunately dropped in the conference committee. Nonetheless, the strong support from the Senate for this concept signals a commitment to finding a way to fund additional conservation initiatives.

Additionally, one third of the Members of this body have cosponsored one of the conservation proposals which have been introduced. This level of interest indicates that while we have not come to an agreement on the details which should be included in a comprehensive conservation proposal, significant interest in this issue exists. This widespread interest offers an opportunity to find a bipartisan compromise to address this critically important issue.

I applaud Senator BOXER in particular for her efforts in this area, and I applaud Senators LANDRIEU and MURKOWSKI for their work on S. 25.

One of the primary reasons I supported the bill earlier this year is the sponsors' inclusion of the non-game wildlife initiative, often called Teaming With Wildlife (TWW). I am convinced that funding for specified nongame conservation programs must be secured if we want to successfully work to keep species off of threatened and endangered species lists while also meeting the skyrocketing demand for outdoor recreation and education opportunities.

Currently, I am circulating a letter which I will be sending to Chairman MURKOWSKI and Senator LANDRIEU which advocates a higher percentage of funding for wildlife conservation than currently included in S. 25. Specifically, I am advocating increasing the funding allocation from 7 to 10. At this time other Senators joining me in sending the letter include: Senators CLELAND, FRIST, LINCOLN, DASCHLE, KERREY, GREGG, and BAYH—and more Senators may join in our effort.

I commend Chairman MURKOWSKI and Senator LANDRIEU for their support of the TWW concept and look forward to working with them to find an adequate level of funding for this important program.

There are other issues, of course, for which I have a great deal of interest, including the funding for the PILT program and funding for historic preservation efforts.

However, probably the largest outstanding issue—and the potential show stopper—for all of us who want to find a compromise conservation proposal is identifying whether we have room in the budget to increase funding for conservation.

The recent mid-session review paints a rosy picture of our current economic situation and I believe that targeted tax relief and paying down the publicly held debt must be our top priorities. However, I also believe that within the context of a balanced budget, the new economic projections give us room to consider modestly increasing funding for domestic priorities, such as conversation.

Again, we have an opportunity this year to find a bipartisan compromise which will ensure adequate funding for conservation, restoration, and preservation efforts across this country. I again commend Chairman MURKOWSKI and Senator LANDRIEU for their bipartisan effort and look forward to working with them in the coming weeks and month to craft a bill which can pass this body and which will, in fact, be signed by the President of the United States.

I yield such time as I have remaining.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Thank you, Mr. President.

I thank the Senator from South Dakota for those remarks, and again for his hard work in getting us to this point.

I would like to yield, if I can, 4 minutes to my colleague from Arkansas, for her remarks on this bill as well.

The PRESIDING OFFICER. The Senator from Arkansas.

Mrs. LINCOLN. I thank the Chair.

I also want to thank my colleague from Louisiana, Ms. LANDRIEU, and Chairman MURKOWSKI, for their fabulous leadership on this issue.

I rise today in support of greater funding for land and wildlife conservation programs as embodied in S. 25, the Conservation and Reinvestment Act of 1999.

I am proud to be a cosponsor of this important legislation to ensure that a portion of the revenues from outer continental shelf oil and gas production are dedicated to land, water, and wildlife conservation programs throughout the U.S. It is well past time that the Land and Water Conservation Fund is permanently funded and used as originally intended to provide for state and federal land purchases and to help states with conservation and recreation needs. We need consistent, dependable funding for federal, state, and local governments to make investments in land preservation, habitat conservation, and wildlife management.

I know in my home state of Arkansas, this funding is badly needed for protection of exiting wildlife habitat and conservation programs as well as for funding additional conservation and recreation needs. Since inception, the state and federal sides of the Land and Water Conservation Fund have combined to provide Arkansas with over $84 million in targeted land purchases for preservation of tracts of forested lands, purchases of needed land for state and municipal parks, lands for schools, land for baseball fields, bike trails, zoos, and recreation areas. The federal side of the LWCF has provided resources for needed land purchases in the Ozark and Ouachita National Forests, White River and Cache River National Wildlife Refuges, the Buffalo National River, and for preserving many other tracts of land. The state side of the LWCF has provided land for a ballpark in Bentonville, a school park in Jonesboro, a zoo in Little Rock, a swimming pool is Searcy, a city park in Batesville, a swamp habitat in Woodruff County, and for over 600 other projects across my home state. And there are still many needs for these resources. Funds are needed for in-holdings purchases in State and national forest and to assist rural communities with building parks for children and to help urban areas with preserving needed green space.

S. 25 would also create a permanent source of funding for state-run wildlife conservation programs. Title III of the bill will help state agencies identify and prevent species from being listed listing under the Endangered Species Act. In Arkansas, about 86 percent of all wildlife species are not pursued for sport or consumption, nor listed as threatened or endanger. It is these species that title III of S. 25 is targeted toward. There is currently no reliable, dedicated funding source for conservation, recreation or education programs for these non-game species. Title III will provide this necessary funding.

Two examples are the Swainson's warbler, traditionally found in the bottomland hardwoods of my home state, and the barn owl, traditionally found across my state's delta. The Swainson's Warbler can still be found in certain places in the Delta region of Arkansas, but is rapidly declining throughout its range due primarily to loss of its bottomland hardwood habitat. Funding from Title III of S. 25 will help head off the potential future listing of the Swainson's Warbler as threatened or endangered by increasing the amount of suitable habitat through a combination of management actions on public lands and habitat incentives for private lands.

The barn owl has been a traditional predator feeding almost exclusively on rodents that are agricultural pests. This owl has persisted in the Arkansas delta despite low population levels for years. The barn owl responds well to artificial nest boxes that could be erected on a large scale with funds provided, under Title III, especially if this effort were combined with an intensive landowner educational campaign. Both of these prevention program can be accomplished easily under Title III of S. 25 without the disruptions and restrictions that would occur with a listing under the Endangered Species Act.

Mr. President, I could go on and on about the good things that land and wildlife conservation programs have done in the past and can continue to do into the future for all of Arkansas—the projects are too numerous to list—but I want to make clear that the programs in title II and title III of S. 25 are necessary sources of funding for states and localities to complete needed, targeted land purchases for conservation and to prevent to continual decline of wildlife throughout my home state and this Nation.

These are great examples of what this bill can do for States such as Arkansas and many others. I join my colleagues in support of what Senator LANDRIEU and Chairman MURKOWSKI are doing, and I look forward to seeing the bill on the floor where we can certainly see it pass in the Senate.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Mr. President, I thank my colleague from Arkansas for describing with such enthusiasm what this bill brings to her State of Arkansas and to all of our States.

Let me take the remainder of my time to recap for a moment and to speak from the Louisiana perspective as one of the producing States and share with this Congress and with the Senate some of our perspectives.

First of all, as the majority leader said, this bill is a historic effort to provide a permanent and steady stream of revenue to do several important things: To fully fund the Land and Water Conservation Fund; to provide a reliable stream of money for wildlife wetlands habitat preservation; and to provide much-needed revenue for the coastal impact assistance.

We are also hoping to include some funding for historic preservation and urban park initiatives.

From the Louisiana perspective, you may not realize that over 80 percent of the Federal oil and gas that is produced annually from the Outer Continental Shelf is produced from waters adjacent to the State of Louisiana.

The onshore activities that support the Federal OCS development in the Gulf of Mexico occur largely within the boundaries of our State. Mississippi contributes to that, as well as Texas.

Almost all of the oil and gas produced from the gulf moves through the State of Louisiana in pipelines thousands and thousands of miles in length—delivering oil to refineries and to natural gas distribution systems throughout our Nation.

We are happy to do our part to help this Nation in its need for energy supply. However, we can no longer abide by the Federal Government's unwillingness to share even a portion of these revenues with our State to help offset the adverse environmental impact and the public service impact on Louisiana.

That view is shared by Mississippi, Alaska, Texas, and others. Let me explain.

The Mineral Leasing Act of 1920 provides that 50 percent of the revenues received by the Federal Government for the development of oil and gas and other minerals on shore will be shared with States in which those minerals are produced. Some of our interior States benefit from that arrangement.

In addition, because the Federal minerals are within the geographic boundaries of particular States, the State has the power over and above that sharing of 50 percent to collect a severance tax on the production and payment in lieu of taxes from the Federal Government for the acres of Federal land used for this endeavor.

The Outer Continental Shelf Lands Act, which governs the production of Federal oil and gas minerals on the Outer Continental Shelf, however, contains no similar provision. In fact, from 1940, when this production began, until 1986, the State of Louisiana and other coastal States received no portion of these oil and gas revenues. Not until 1986 were we able to receive a very small portion of those revenues generated between a 3-mile and 6-mile line.

Just yesterday, however, exploration officials from British Petroleum announced the discovery of the largest deep-water find in history 125 miles southeast of New Orleans. The underwater find is dubbed ''Crazy Horse.'' It was discovered in 6,000 feet of water.

Imagine the kind of equipment that is going to take to mine this kind of

find. We are happy to do this. The industry provides economic opportunity.

But can you imagine providing the infrastructure in your State, for a construction company building hundreds of skyscrapers such as this in your backyard? These underwater skyscrapers all have to be built and parts manufactured and moved to the site. All of this material moves through the fragile environment of coastal Louisiana, Mississippi, and Texas.

If this monument, or if this structure, were out of the water to be seen, it would be as if you stacked the Washington Monument end to end 10 times. It is the kind of structure that has to be built to mine these sorts of finds in the gulf.

In 1998, Federal mineral development from offshore totaled approximately $2.8 billion. That is what we sent to the Federal Government. Yet we only received $20 million. That is less than a tenth of 1 percent.

Let me state that again—a tenth of 1 percent is what Louisiana was able to retain. Other States retained 50 percent. In addition, they received other payments. This situation is obviously not just; it is unfair, and this bill attempts to help correct that inequity.

As a result of OCS activity, Louisiana has suffered a significant negative environmental impact. We have lost over 1,000 square miles of coastal wetlands over the last 50 years. If we don't take action today, we are liable to lose another 1,000 square miles more in the next 50 years.

To bring this down to size, we lose a football field every day. We lose an area the size of the State of Rhode Island every year.

These losses are partially due to natural erosion but are aggravated by the way we have levied the Mississippi River, which, again, serves as a port for our entire Nation and not just our State, and it is also impacted by the activities associated with oil and gas drilling.

The people of Louisiana, while understanding that this is very important and this is a national asset—and, again, we are happy for the industry and want to promote an environmentally sensitive way of drilling as we know it today—believe that we should be more justly compensated for these impacts.

The distribution formula in S. 25 is weighted to provide an extra portion to those six States with Federal offshore oil production. We are not giving any incentive for future production. We want this to be a drilling-neutral bill, if you will, but a revenue-sharing bill that acknowledges the contribution made by our producing States.

As proposed in S. 25, Louisiana will only receive 10 percent of the Federal revenues that are generated. Again, historically, we have received less than one-tenth of 1 percent. Historically and to date in the law, the interior States have received 50 percent. We are asking for our fair share and modest share of this money, and S. 25 outlines a 10-percent portion.

The cosponsors of S. 25 believe it is appropriate to share a portion of Federal OCS revenues with coastal States that do not and will not have any offshore oil production.

Today there is no dedicated source of funding for the variety of coastal environmental problems that are being experienced around the Nation, even in those States that are not producing. S. 25 recognizes that the producing States should be acknowledged and those States which are nonproducing also have challenges with their coastline—beach erosion, et cetera.

When Congress created the Land and Water Conservation Fund over 30 years ago, it was intended ''to provide a steady revenue stream to preserve 'irreplaceable lands of natural beauty and unique recreational value.' Royalties from offshore oil and gas leases will provide the money, giving the program an interesting symmetry. Dollars raised from depleting one natural resource would be used to protect another.''

This, unfortunately, has not come true. These moneys were given but taken away. They were appropriated in different amounts over the years. This bill will attempt to use the dollars produced by depleting one natural resource to preserve many areas of natural beauty in our Nation, both on the coast and in our interior States.

This is an important bill for Louisiana and the gulf coast, but it is important for the entire Nation. Our legacy as leaders will be the land we leave to our children and their children. At the rate we are going, we might not have very much to give them.

This bill will give us a steady stream of revenue to provide full funding for our land and water conservation, to give much-needed resources for our coastal States to mitigate some of this negative impact and also to share justly with the other States in our Nation.

I thank the Chair for allowing us to have this time today. I, again, thank the majority leader and the chairman, and to the 20 or more sponsors we have for this legislation. It is my hope that we can mark this up shortly and move this bill through the process.

I yield back the remainder of my time.

Mr. SESSIONS. Mr. President, I ask unanimous consent that I be given 1 minute.

The PRESIDING OFFICER. Reserving the right to object, we were supposed to be in the policy committee starting at 12:30 p.m.

The Senator from Alabama.

CONSERVATION AND REINVESTMENT ACT OF 1999

Mr. SESSIONS. Mr. President, S. 25, the Conservation and Reinvestment Act, offers a unique opportunity for the entire nation to enjoy the tangible benefits of Outer Continental Shelf oil and gas production. It redirects a portion of royalties from Outer Continental Shelf production directly back to States and local communities for environmental and conservation programs.

The effect of this bill will be to provide States and local communities funding to expand and maintain parks and to enhance hunting, fishing and other outdoor recreational activities.

In addition, this bill would redirect a portion of Outer Continental Shelf Royalties back to the States which have endured the risks of production through the bill's Coastal Impact Assistance program. This program will provide dedicated funding to coastal States for air quality, water quality and to mitigate the environmental effects of Outer Continental Shelf infrastructure developments.

Alabama might use these funds to help ensure water quality in Mobile Bay, part of the National Estuary Program, and for the preservation and restoration of oyster beds and other sensitive environments areas along our coast. States may choose to establish a protected trust fund, as Alabama has with existing state royalties, in order to use the revenues in perpetuity for environmental and conservation purposes.

Alabama is one of only six States with active Outer Continental Shelf natural gas production off its shore and onshore infrastructure to refine and transport those resources. Alabama ranks ninth in the country for natural gas production and produced over 430 billion cubic feet of natural gas in 1994. There are four onshore refineries and numerous natural gas pipelines to process Outer Continental Shelf natural gas. The State has made a significant investment in providing the land and infrastructure to handle this production, yet has not been able to enjoy any direct royalty benefits from Outer Continental Shelf production.

This bill takes a step towards ensuring Alabama and the entire nation receive at least a part of the direct benefits of Outer Continental Shelf production.

I commend the Senator from Alaska, Mr. MURKOWSKI, and the Senator from Louisiana, Ms. LANDRIEU, for their tremendous leadership on this issue and look forward to the passage of this bill soon.

I express my appreciation to Senators MURKOWSKI and LANDRIEU for working on this legislation. I have worked with them from the beginning. It has good potential to allow States to retain some of the oil and gas money for remediating environmental damage

from production and for improving their environmental quality in general.

I thank the Chair.

Mr. DASCHLE. Mr. President, I appreciate this opportunity to participate in today's discussion of the Land and Water Conservation Fund (LWCF). Senator LANDRIEU and Senator MURKOWSKI deserve great credit for their efforts to restore the LWCF's important conservation goals, as does Senator LOTT for his commitment to addressing this issue on a bipartisan basis.

Congress originally intended that revenues from off-shore oil and gas drilling be deposited into a Land and Water Conservation Fund to allow the federal and state governments to protect green space, improve wildlife habitat, and purchase lands for conservation purposes. I have come to appreciate this program, as the Land and Water Conservation Fund has been used by local and state governments in South Dakota to purchase park lands and develop many of the facilities that exist in municipal and state parks throughout the state.

For the past five years, however, the state side of the LWCF has not been funded, the revenues from off-shore oil and gas drilling have been used to fund other federal programs. As a result, much-needed local and state park improvement projects have been held back, and there has been growing pressure in recent years to divert these funds back to their original purpose.

Americans depend increasingly on parks and open spaces for recreation because they allow all of us to deal better with the stress of modern life. Therefore, it is important that states are given the resources they need to improve parks and public lands, and I am prepared to work in a bipartisan fashion to enact legislation this year to ensure greater annual funding of conservation efforts from off-shore oil and gas drilling revenues.

A number of proposals, many of which are bipartisan, have been proposed by the administration and members of Congress to ensure that future off-shore oil and gas drilling revenues are dedicated to conservation purposes. A consensus appears to be developing that considerably more resources should be invested to protect and maintain rural and urban parks, preserve farmland and forests, provide incentives for the protection of endangered species on private lands, fully fund payments-in-lieu-of-taxes, and protect coastal resources.

I believe that this legislation could have a tremendous positive impact on local, state, and national parks, and greatly enhance outdoor recreation and environmental education projects throughout South Dakota and the nation. It is my strong hope that Congress will produce compromise legislation reflecting many of the basic objectives contained in these proposals and ensure a strong future for our nation's natural resources. I am dedicated to working with Senators LANDRIEU, MURKOWSKI, and LOTT to achieve this goal.

Mr. KERREY. Mr. President, I am pleased to join my colleagues, Senator LANDRIEU, Senator BREAUX, Senator LOTT, and others in supporting the Conservation and Reinvestment Act of 1999. This important legislation will provide consistent funding to state fish and wildlife conservation programs to help maintain our precious natural resources, and will help to bring more Nebraskans back to the river—in our case, the Missouri River. This legislation will give states the necessary funding to carry out a flexible, non-regulatory approach to conservation that prevents species and their habitats from becoming endangered and to restore fish and wildlife populations to healthy numbers. This legislation is consistent with and fully complementary to the Missouri River Valley Improvement Act of 1999 that I recently introduced, along with my colleagues Senator DASCHLE and Senator JOHNSON.

The most important provisions of the Conservation and Reinvestment Act for my home state of Nebraska are Titles II and III, the Land and Water Conservation Fund reform provisions. Title III of this legislation would restore state-side funding to the Land and Water Conservation Fund—funding that has been diverted in recent years for other uses. However, as emphasized by the bill's authors and supporters, restoration of these funds to states is more important now than ever before, as Nebraska and all states are faced with accelerated population growth and urban sprawl, and increased demand by families, communities, and the business sector for recreation and conservation areas—areas that draw people and economic growth. Nebraska, as well as other states, has relied on hunters and anglers to provide the bulk of financial support for fish and wildlife programs—particularly through the purchase of hunting and fishing licenses and through excise taxes on sporting goods. However, these funds have not been adequate to address the needs of declining nongame species. Titles II and III of the Conservation and Reinvestment Act would provide a permanent Federal funding source to meet these needs in Nebraska and other states, and would revitalize the state matching grants program.

The Land and Water Conservation Fund Act, as passed in 1965, utilized a portion of the proceeds from Outer Continental Shelf mineral leasing revenues to give to state and local governments for recreation and conservation purposes as those governments deemed necessary and beneficial for their communities. In 1997, a record $5.2 billion in royalties, rents, and bonus payments from new lease sales was collected by the Federal government. Significant federal revenues from Outer Continental Shelf leasing and production has been designated by law for the Land and Water Conservation Fund, but since 1995, Congress has not appropriated these monies to the states, but rather has transferred most of these funds to the U.S. Treasury for other uses. This important legislation would rectify this, and bring the funding source back to Nebraska and to local Nebraska communities. State and local governments match, dollar for dollar, Federal Land and Water Conservation funds for open space conservation and recreation in our communities. This act would restore the state and local funding, bolster the federal funding component, and also secure funding for urban parks and recreational areas.

While this act would currently provide 7 percent of Land and Water Conservation Funds to the states, I signed a letter today, along with several of my colleagues in the Senate, urging that funding for this provision be increased to 10 percent—a level that I believe to be consistent with the needs that exist in my state of Nebraska and in others. Besides providing recreational funding support for community needs, this source of funds can have a significant impact on non-regulatory approaches to preventing wildlife species from being listed as threatened or declined under the Endangered Species Act—listings which often find landowners embroiled in private property rights vs. species protection laws. By enabling communities and states to preserve identified areas where habitat and species can be allowed to flourish with minimal or little disruption on the lives and activities of people, we can help to prevent future listings, and to safeguard against some of the social and economic disruptions that have often accompanied past listings.

Additionally, wildlife conservation, conservation education, and wildlife-associated recreational programs—all of which contribute increasingly significant tourism and recreational dollar returns to the state of Nebraska—are traditionally underfunded. The International Association of Fish and Wildlife Agencies estimates these needs nationally to be approximately one billion dollars per year.

Increasing Title III funding to 10 percent of Outer Continental Shelf receipts would give Nebraska approximately an additional $1.7 million annually—money that I know from the people of Nebraska is both needed and would be well-spent.

The Nebraska State Legislature passed a resolution this year in support of this bill, as did the City of Grand Island in Nebraska. Nebraska Governor Mike Johanns is one of 27 Governors to officially support this legislation. All 50 state fish and wildlife agencies, including the Nebraska Game and Parks

Commission, the International Association of Fish and Wildlife Agencies, and more than 3,000 local entities, businesses, clubs, and conservation organizations have endorsed the Conservation and Reinvestment Act of 1999. Nationwide, more than 200 state and local ballot initiatives sought to commit billions of dollars for conservation, farmland protection, and urban revitalization policies. More than 70 percent of these initiatives were supported by voters. I enthusiastically add my support to this impressive list of supporters, and look forward to working with Senator LANDRIEU and our colleagues to finalize and pass this important legislation.

ONE GIANT LEAP FOR MANKIND

Mrs. HUTCHISON. Mr. President, I take this opportunity to recognize a day that is certainly going to be remembered, as we go into the next millennium, as symbolizing this century. Each century has one or two things that define it. It is what schoolchildren remember. It is what adults remember. Everyone remembers where they were when certain events happened, whether it was President Roosevelt saying on the radio that the war was over, whether it was the assassination of President John Kennedy, or whether it was Neil Armstrong taking one giant leap for mankind.

I believe July 20, 1969, 30 years ago, was clearly one of the defining moments of our century, although it would be very difficult to choose which moment had the most lasting impact. The day Neil Armstrong stepped on the Moon, the spirit of America was rejuvenated. It also was the culmination of years of discoveries, of scientific missions, of behind-the-scenes scientific experiments that were all a big show on July 20. I think it is important for us on a day such as today to recognize what all of those scientific experiences did and what we have gained from the space program.

In fact, when we look at the cost of the Apollo project, it cost about $25 billion. In 1990 dollars, it would be about $95 billion. It was an investment. The good news is, because America was willing to go for it, because America said the Moon is there and we can do it, we have had a 9-to-1 return on every dollar we have invested.

What is the 9-to-1 return? It is the newly created products and technologies and the new jobs that have come about as a result of those technologies that is the return on our investment. What space has given to our economy is a 9-to-1 return on our investment.

There have been 30,000 spinoffs from our space research. Let me tell you a few.

Satellites: Satellites are part of our daily lives. We now get instant access on the news anywhere in the world because of satellites. We can see press conferences anywhere in the world live because of satellites. We see satellites as part of our defense. A defense system for an incoming missile is going to result because we have satellite technology.

Computers: The microchip—how has that made a difference in our lives? Who can even ask the question about what computers have done. We see people with laptops in the airports, on airplanes. It is just phenomenal. This started with space research, not on the Senate floor, Mr. President.

High-quality software, high-performance computing, fiber-optic networks, water purification systems, Teflon—Teflon has improved the quality of life for all of us in this country who have spent even 1 minute in the kitchen. Digital watches, cordless tools, and, most notable, in my opinion, is space explorations' contribution to medical science. CAT scans and MRIs are revolutionizing our ability to detect tumors early enough so we can save lives.

Our quality of life has significantly improved since Neil Armstrong took the giant leap for mankind. It was to that moment that all of us related what America had accomplished. That happened 30 years ago today.

I congratulate Neil Armstrong, the Apollo 11 crew, and all those at Johnson Space Center in Houston, TX, who contributed to the giant leap for mankind and the quality of life that all of us live, because those brave astronauts were willing to take the risk and the chance.

I thank the Chair. I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived and passed, the Senate now stands in recess until the hour of 2:15 p.m.

Thereupon, at 1:05 p.m., the Senate recessed until 2:19 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. INHOFE).

Mr. GORTON. 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. FITZGERALD. 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. FITZGERALD. I ask unanimous consent I be allowed to speak for up to 5 minutes as in morning business.

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

Mr. FITZGERALD. Thank you, Mr. President.

(The remarks of Mr. FITZGERALD pertaining to the introduction of S. 1396 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. FITZGERALD. I yield the floor.

DISAPPROVING THE EXTENSION OF NONDISCRIMINATORY TREATMENT (NORMAL TRADE RELATIONS TREATMENT) TO THE PRODUCTS OF THE PEOPLE'S REPUBLIC OF CHINA—MOTION TO DISCHARGE

The PRESIDING OFFICER. Under the previous order, the Senator from New Hampshire, Mr. SMITH, is recognized to offer a motion to discharge the Finance Committee of S.J. Res. 27, on which there will be 1 hour of debate equally divided.

Mr. SMITH of New Hampshire. I thank the Chair.

Mr. President, pursuant to the Trade Act of 1974 and the rules of the Senate, I do make a privileged motion that the Senate Committee on Finance be discharged from further consideration of S.J. Res. 27, a resolution disapproving the President's June 3, 1999 extension of normal trade relations with China.

It is my understanding that based on the parliamentary decisions made earlier, the 1 hour will be equally divided, a half hour under my control and a half hour under the control of the other side, not by majority/minority, but by the two sides, pro and con.

The PRESIDING OFFICER. The Senator is correct.

Mr. SMITH of New Hampshire. It is also my understanding, for the benefit of my colleagues, that there will be two consecutive rollcall votes, the first one being on the China discharge and the second one on the Vietnam discharge.

The PRESIDING OFFICER. The Senator is correct.

Mr. SMITH of New Hampshire. Mr. President, notice of my intention to do these discharge motions was made to both the majority and minority leaders, the chairman and ranking member of the Finance Committee, and several other Senators on July 7, so there would be ample time for the leaders to adjust the time so we could have a vote prior to the House voting on this matter.

Mr. President, I yield myself 15 minutes out of my allotted time.

Despite President Clinton's 1992 campaign promise to link MFN certification to China's human rights record, the administration has chosen annually to grant Beijing what had been known as most-favored-nation status and is now called normal trading relations. It is amazing to me that that

certification could be granted, given the dismal record of China in so many ways that we have talked about on this floor for so many weeks, especially in the area of human rights.

By offering this motion, I am asking the Senate to discharge S.J. Res. 27 from the Finance Committee. This legislation would disapprove the President's recommendation of normal trade relations status for China. Because of the rules of the Senate, it is in the Finance Committee. If I don't discharge it out, then it doesn't come out, and we don't get the opportunity to debate this issue.

This is a very important issue. Let me say, again, as I said earlier this morning on the Vietnam issue, whether my colleagues agree or disagree with me is not the issue. The issue is whether or not they will let us debate this on the floor. That is the issue. If they vote against my discharge motion, then they have said they do not want the Senate to debate this issue at all. They don't want to hear about the human rights violations in China or Vietnam. I would find that regrettable if the Senate made that decision.

If they feel strongly that they are right and there are not any problems in China which would justify holding up the NTR, normal trading relations, then they ought to come down on the floor and defend that.

I have a few things I could share with Senators that I think will give them the opposite impression. I would want the opportunity to do that on behalf of so many Americans who are fed up with the fact that we keep giving MFN, or most-favored-nation trading status, to a country who has been so abysmal on human rights violations, not to mention stealing our nuclear secrets.

I have come to expect the President to ignore China's total disregard for human rights, its proliferation of nuclear weapons, and its piracy of U.S. technology by continuing Beijing's trading relationship with our country, but what I don't understand is why. Why are we doing this? Why are we afraid to debate this? Are we afraid we are going to find out how much technology has been pirated? Are we going to find out how much proliferation of nuclear weapons has actually occurred, how many human rights violations have occurred in China?

The answer is, yes, of course, we are going to find out, because I am going to present this on the floor if I get the opportunity to do it. Regrettably, the opposition is going to try to deny me that opportunity and probably will win. They win; the American people lose.

I will point out a few facts—I only have 30 minutes; I don't get the 10 hours I would have under the law, if, in fact, my discharge petition motion is approved. Unfortunately, I have to assume I am not going to get it and make the point as fast as I can in 30 minutes.

Since 1949, Communist China has operated one of the most brutal and repressive regimes the world has ever known. Indeed, the Beijing government has committed large-scale genocide in Tibet. It has killed millions of its own citizens, outlawed religion, obliterated freedom of the press, and fought against the United States in Korea and Indochina.

In 1989, the Chinese Government authorized a crackdown on thousands of students who had the courage to stand up for human rights and democracy, and crack down they did. We all know the sad stories that came out of that period of time in China's history. The actions of the Beijing government have also served to undermine international stability and U.S. national security interests. China continues to violate the missile technology control regime, exporting to rogue states like Iran, North Korea, and other nations. They export our most sensitive technology, which in some cases they stole and in other cases they bought, believe it or not, from the United States.

Moreover, China has failed to assist the United States in fully accounting for American POWs held by the Chinese forces during the Korean war. Certainly, the theft of our nuclear secrets by Chinese agents has been on our minds in the past several months. The Cox report provides extensive evidence on the damage done to our national security by Chinese espionage. But I am also very concerned about China's notorious and seemingly blatant disregard for U.S. intellectual property laws.

Over the last decade, Chinese exports to the United States have increased seven times in comparison to American exports to China, creating a significant trade imbalance. During this time, some of the most rapidly growing and most competitive U.S. industries have been adversely affected by China's failure to enforce intellectual property rights. These include computer software, pharmaceuticals, agricultural and chemical products, and trademarks.

American businesses are losing billions because of this persistent problem. Yet the President marches forward saying normal trade relations is perfectly acceptable. I don't understand it. How can the administration justify their decision to reward the Communist Chinese Government NTR status when that government has such a deplorable record of protecting just one issue—U.S. intellectual property rights—not to mention many others which I will be getting into?

Peace and economic stability in Asia are in America's interest and require Chinese-American cooperation. Unfortunately, the President's decision to reextend NTR status to Communist China effectively rewards Beijing for rejecting reasonable American demands for protection from this intellectual property rights piracy, for cooperation on international nonproliferation efforts, and for a greater respect for basic human rights.

Now we are hearing the ominous signs of the saber rattling around Taiwan. These threats of military acts of violence threaten the stability of the entire region in the Pacific rim. How can you justify giving a nation that has done this, and is doing this, most-favored-nation trading status?

Perhaps the most egregious are the human rights violations which we appear to condone by granting this NTR status to China. It has a terrible human rights record. I have heard so many times from my colleagues, some of whom are going to be denying me by a vote the access to be able to debate this, how terrible the human rights violations are in China. Their policies on the political dissidents, religious freedom, and population control are abhorrent. The State Department report on China's human rights practices illustrates an appalling picture. It provides example after example of torture, forced confessions, suppression of basic human rights, denial of due process, and, worse of all, forced abortion and sterilization. Is this a government to which the United States of America should give most-favored-nation status? I don't think so.

All I am asking for is the opportunity to go into these matters in detail and debate this on the floor of the Senate. This is not a vote on whether you agree or disagree. It is very interesting. I was thinking as I walked down to the floor from my office a few moments ago that the President of the United States took the U.S. military, put them in harm's way and bombed the sovereign nation of Yugoslavia to protect the human rights of the Albanian Kosovars. I can't even get the Senate to give me the opportunity to debate human rights violations in Vietnam and China. That is the bottom line. That is what we are talking about today.

The President—I will repeat this—went to war in Yugoslavia to protect the human rights of the Albanians in Kosovo, and I am going to be denied on this floor, by a vote, the opportunity to debate—just to debate—human rights violations in China and Vietnam. They don't want to hear it. That is the bottom line. If you can live with that in your conscience, fine. It is a sad, sad situation.

All I am asking for is what is required under the law. Give me 10 hours and I will agree to reduce the 10 to 2. I will say to my colleagues, wherever you are out there, it is 10 hours by requirement; but I will agree to 2 hours on my side if you will support my motion. Give me the opportunity to show you on this floor what China and Vietnam are doing by voting for both of these motions.

Mr. President, at this time, I yield the floor to give some time to the other side.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I appreciate the feelings and good intentions of the Senator from New Hampshire, but I respectfully oppose this motion to discharge the Finance Committee from considering the resolution to disprove extension of the Jackson-Vanik waiver for China. Why do I do so? First, I say to my good friend from New Hampshire, he has lots of opportunities to debate human rights, or any similar issues, on the floor. He can offer an amendment to any bill. That is a standing rule of the Senate. Any Senator can offer an amendment to virtually any bill at any time. He has that right. The rules of the Senate provide for unlimited debate. So he can talk for as long as he can physically stand on his own two feet. He has plenty of opportunity, as do all Senators, to raise issues that concern them.

I think it is inappropriate to discharge the Finance Committee from considering the resolution to disapprove an extension. Why? Very simply, because the current process has worked pretty well.

I am somewhat bemused when I think back on how furious the debate was on this issue—oh, gosh, it must be 4, 5, 6 years ago. In fact, I was one of the few Members of the Senate on the Democratic side who voted to sustain the veto of President Bush on this very measure, as a consequence of President Bush's intention to extend unconditional MFN—now NTR—status for China, which prevailed. Ever since then, gradually, over the years, each President, each year, has reached the same conclusion after studying all the issues—that there should be a 1-year unconditional extension of most-favored-nation trading status. We have changed the name now to normal trade relations status. That is more accurate—more normal than most favored. In fact, for all intents and purposes, it is least favored. That is because the United States has trade agreements with many other countries which give them favorable terms of trade compared with the standard of MFN, or NTR.

Over the years, as more and more Americans have become more familiar with this question, and as the Congress has become more familiar, it has now come to the point where the vast majority of Members of Congress agree that annual unconditional extensions make sense, pure and simple. That is why we are here today. Several years ago, it was a huge debate. Now, over the years, it has come to be virtually a nonissue. It is virtually a nonissue because the vast majority of Members on both sides of the aisle, Republicans and Democrats, and Presidents, Republicans and Democrats, know that to do otherwise would cause a tremendous upheaval of our relationships with a very important country—in this case, China.

I think it is important as we enter the next millennium that we deal with other countries with tremendous respect, recognizing that countries have interests. China has its own interests, and the United States has its own interests. The real question is how do we get along better with each other, in a way that accommodates American points of view.

The basic policy, as announced by the Presidents over time, has been engagement. I say it is basically engagement without illusions; that is, we talk with countries, but we are realistic about what they do or do not do. But we do not cut off something that is very basic, something that we grant to virtually every country in the world, including a lot of others that I can name that have foreign policies and internal policies that are inimical to the United States, but nevertheless we think to deal with those countries, it is best to maintain the current trade relationship with them.

One of the huge adverse consequences that have been caused by this in the past would be the clear setback of negotiations between the United States and China over China's membership in the World Trade Organization. That is a clear winner for the United States, as long as it is done on commercially acceptable principles. The last agreement that Premier Zhu tabled for the United States when he was in Washington not too long ago was clearly in the United States best interest. Why? Because it was unilateral.

In every case, it was China that was making concessions. It was China opening up its markets to American products. It was China that changed its distribution system. It would be China that would agree to—a much more fancy term is ''transparency''—much more openness, which undermines corruption, which undermines favoritism. It brings the Chinese economy much more into the modern world.

If this resolution were to pass, I will bet my bottom dollar we would have no WTO this year, and probably not for the next couple of years. Then the relationship with China, if you think they are risky now, would make today's relationship look like a cake walk. We have China's difficulties with Taiwan. They will be there for the indefinite future.

There are problems we have now with China over the tragic, mistaken bombing of the Chinese Embassy in Belgrade. We have very deep human rights concerns. We have concerns about China's—in the past, anyway—transfers of missile technology, and perhaps nuclear weapons, to rogue nations.

But let's remember, China has taken a lot of actions which have been very helpful to the United States. What is one?

China abstained at the U.N. Security Council when we wanted the Security Council resolution on Kosovo. China could have caused all kinds of problems and could have vetoed that Security Council resolution but did not.

China also signed the Comprehensive Test Ban Treaty. They have signed it. As far as we know, they have not violated it.

They helped us in the gulf war, particularly by their actions with the Security Council. They helped with North Korea and the problems we have with North Korea, and particularly the greater potential problems we might have if North Korea starts sending missiles farther out into the Pacific.

But if this resolution passes, all those problems I mentioned are going to be exacerbated and all the good points I mentioned will become irrelevant and not helpful in our relationship with that country.

It is a very important country to deal with in a very solid, commonsense way. China is the largest country in the world. China has the largest freestanding army in the world. China has the largest population in the world. China is a nuclear power. China is the fastest growing developing country in the world. It is a major power. We can't close our eyes to China.

I am not saying we should accept what China is doing. I am not saying we should accept what any country is doing that is adverse to American interests. But I am saying that we have to, with eyes wide open, look at China and engage China without illusion. That is the policy.

If this resolution were to pass, believe me, we would be disengaging China. China would be so upset—and they should be, if it were to pass—and we would be dealing with China as an enemy and not as a country that is separate from us.

There is an old saying in life that if you stick your finger in somebody's eye and you treat somebody like the enemy, guess what. They are going to be an enemy; they will react adversely. That is exactly how this would be recognized if it were to pass.

There is another important point. It is procedural. Procedural matters, I might add, are not unimportant. This measure has been reported out of the House Ways and Means Committee unfavorably. So it is highly likely that this resolution will not come over to the Senate. If that is the case, why are we going through all of this? It doesn't make any sense.

I suggest, with deep respect to the other body, and with deep respect to my friend from New Hampshire and to my fellow colleagues, that if it comes up in the House, despite the recommendation of the House Ways and

Means Committee, they pass the resolution, and it comes over here, then we will take it up and we will debate it. But it is premature to take it up at this time when it is clear, because of the House vote, that it will not pass the House and therefore will not be ripe as an issue over here.

But the fundamental reason is that this resolution, if it were to pass, would cause many more problems than the purported solutions that lie under the premise of this motion.

Again, all Presidents who have looked at this issue and all Congresses that have looked at this issue have reached the same conclusion—Republican and Democrat—that continuing the grant on an annual basis of unconditioned, normal trade relations with China will create the foundation and the condition for a much greater probability that we are going to achieve the success we want with various other issues that we have with China.

I oppose this move to discharge the Finance Committee from considering the resolution to disapprove extension of Jackson-Vanik waiver authority for China. It is an unnecessary attempt to alter a process that has worked well in providing for Congress' role in the annual NTR debate.

America's economic and trade relations with China have developed significantly over the past decade. I fervently hope that we will be able to resume WTO negotiations with China, complete a good commercial agreement, and extend permanent NTR quickly and in time for China to join the WTO in November in Seattle.

This is important for our businesses, important for our workers, and important for our country. I have no illusions about the serious problems we have with China, whether it is human rights, arms proliferation, espionage, Taiwan, or other areas. But using NTR, whether it is the annual extension or the permanent granting of that status, is not an effective way to influence China and move them in a direction we would like to see that society go. It holds our economic interests with China hostage to other aspects of the relationship. We need to regularize and normalize our trading relationship with China. We need to put predictability and stability into that trading relationship so that our industries can improve their ability to do business with China.

This resolution to discharge, although seemingly procedural, has an intent that damages our businesses, our workers, our farmers, and our Nation. I urge my colleagues to reject this effort.

I see my colleague. I guess he is going to yield time to one of our colleagues.

Mr. SMITH of New Hampshire. Mr. President, I yield 10 minutes to my distinguished colleague from Wisconsin, Senator FEINGOLD.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Thank you, Mr. President.

I rise today in opposition to the President's decision to extend normal trade relations status to China.

I especially thank the Senator from New Hampshire for bringing up the issue today.

I have objected to the President's policy on this issue since 1994, when he first de-linked the issue of human rights from our trading policy in China. The argument made then was that trade privileges and human rights are not interrelated. At the same time, it was said, through ''constructive engagement'' on economic matters, and dialogue on other issues, including human rights, the United States could better influence the behavior of the Chinese Government.

I have yet to see persuasive evidence that closer economic ties alone are going to transform China's authoritarian system into a democracy, or even reduce the current level of oppression borne by the Chinese people. Unless we continue to press the case for improvement in China's human rights record, using the leverage of the Chinese Government's desire to expand its economy and increase trade with us, I do not see how U.S. policy can help conditions in China get much better.

Virtually every review of the behavior of China's Government demonstrates that not only has there been little improvement in the human rights situation in China, but in many cases, it has worsened—particularly in the weeks preceding the tenth anniversary of the Tiananmen Square massacre on June 4th. More generally, five years after the President's decision to de-link trade from human rights, the State Department's most recent Human Rights Report on China describes once more an abysmal situation.

In my view, it is impossible to come to any other conclusion except that ''constructive engagement'' has failed to make any change in Beijing's human rights behavior. I would say that the evidence justifies the exact opposite conclusion: respect for human rights by the Chinese government has deteriorated and the regime continues to act recklessly in other areas vital to U.S. national interest.

This year—1999—is likely to be the most important year since 1989 with respect to our relations with China. Not only does it represent a significant milestone for the victims of Tiananmen Square, but 1999 is also the 50th anniversary of the founding of the People's Republic. This year has also seen the emergence of new thorny issues between the United States and China, including the accidental embassy bombing, faltering negotiations regarding accession to the World Trade Organizations, and the recent release of the Cox report on Chinese espionage.

If moral outrage at blatant abuse of human rights is not reason enough for a tough stance with China—and I believe it is, as do the American people—then let us do so on grounds of real political and economic self-interest.

For example, China has failed to provide adequate protection of U.S. intellectual property rights; it has employed broad and pervasive trade and investment barriers to restrict our exports; it has made illegal textile transshipments to the United States; it has exported products to the United States manufactured by prison labor; and it has engaged in questionable economic and political policies toward Hong Kong.

This does not present a picture of a nation with which we should have normal trade relations. Alternatively, if the Administration accepts these practices as normal, perhaps we need to redefine what normal trade relations are. The current practices are certainly not any that I wish to accept as normal.

Nor, Mr. President, do I wish to accept as normal the practice in our country of using campaign money to influence policy decisions, but I'm afraid that the China/NTR decision is far from an exception to this rule.

No, Mr. President, U.S.-China trade policy epitomizes how our campaign finance system can influence important decisions. The corporations and associations lobbying in favor of China NTR, as well as on China's accession to the World Trade Organization, represent a virtual who's who of major political donors. In an effort to inform my colleagues and the public about who's who in the push for NTR for China, I'd like to Call the Bankroll on some of the companies and associations involved in this fight.

These big donors represent industries that run the gamut of American commerce—from agribusiness to telecommunications and everything in between—but they all have in common a keen financial interest in China winning normal trade relations status.

One of the major coalitions lobbying to boost China's trade status, USA Engage, has a membership list brimming with top PAC money and soft money donors.

Let me name just a few examples of the political donations some of these USA Engage members gave during the last election cycle:

Defense contractor TRW Inc. gave more than $195,000 in soft money and $236,000 in PAC money.

Financial services giant BankAmerica gave more than $347,000 in soft money and more than $430,000 in PAC money.

The powerful business coalition of the U.S. Chamber of Commerce gave

nearly $50,000 in soft money and $10,000 in PAC money

Exxon, one of the world's largest oil companies, gave $331,000 in soft money and nearly half a million dollars in PAC money.

Communications giant Motorola gave more than $100,000 in both soft money and PAC money.

Mr. President, this is just the tip of the iceberg. The list goes on and the money is piled high.

Over in the other body, junior members—who of course sit in the most remote offices in the far corners of the House office buildings—say that the only reason corporate CEOs come visit their offices is to push for NTR status for China.

So you see, Mr. President, on the one hand, some of the most powerful interests in America come to our offices to call on us to grant NTR status to China. We hear them loud and clear, and more than that we know too well the influence they wield as a result of their political donations.

But Mr. President, what about the other side? What about the voices we don't hear? The faces we don't see? I am talking about the human rights organizations who oppose de-linking trade from human rights, but are virtually nonexistent in the world of campaign contributions. I am talking about the thousands, if not millions, of Chinese people living without basic human rights who don't have access to the Halls of Congress.

I fail to see anything normal about the United States extending favorable trading status to a government that routinely denies basic freedoms—of expression, of religion, and association—to its people.

I fail to see what is normal, what is acceptable, or what is just about the United States tacitly condoning the actions of a country where our own State Department reports that the human rights situation is—quote—''abysmal.''

Mr. President, my main objective today is to push for the United States to once again make the link between human rights and trading relations with respect to our policy in China. As I have said before, I believe that trade—embodied by the peculiar exercise of NTR renewal—is one of the most powerful levers we have, and that it was a mistake for the President to de-link this exercise from human rights considerations.

So, Mr. President, for those of us who care about human rights, those of us who long for freedom of religion for others, and those of us who believe America should demonstrate moral leadership in the world, I urge colleagues to join me in disapproving the President's decision to renew normal-trade-relations status for China.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I yield 8 minutes to my good friend, the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, as the chairman of the Subcommittee on East Asian and Pacific Affairs of the Foreign Relations Committee, I rise in strong opposition to the motion to discharge S.J. Res. 27. My objections to the motion and the underlying resolution, and to bringing them up at this point in time, are both procedural and substantive.

My first procedural objection is that while the Senator from New Hampshire [Mr. SMITH] is within his rights to move to discharge the joint resolution pursuant to 19 U.S.C. §§2192(c) and 2193, by doing so he is effectively seeking to bring it to the floor by completely circumventing the committee process. S.J. Res. 27 was referred to the Finance Committee on June 7 of this year. As my friend the distinguished chairman of that committee [Mr. ROTH] has noted today, the committee has had no opportunity to hold hearings on the relative merits of the resolution, to amend it, or to prepare a report on it to the full Senate. A piece of legislation this important, that would—if passed—have a huge effect on what I believe will be our most important bilateral relationship in the next century, deserves to be considered fully by the committee of jurisdiction without having that process short-circuited by a single Senator—especially one that is not a member of the committee in question.

Second, the Senate still has a number of vitally important appropriations bills to complete before Congress recesses for August. There is no connection whatsoever between these legislative matters and the joint resolution. There exists no time exigency which makes it important to lay aside debate on appropriations bills in order to debate China NTR nor, for that matter, which makes it important to circumvent the statutory process set out for the consideration of resolutions like S.J. Res. 27.

And that brings up my third procedural objection. Pursuant to the Trade Act of 1974, it is the practice of the Senate that a resolution of disapproval of a renewal of NTR status must originate in the House. Pursuant to 19 U.S.C. §2192(f)(1)(A)(ii) and 2192(f)(1)(B), any resolution of disapproval which passes the Senate before receipt from the House of a similar or identical joint resolution is required to be held at the desk until the House acts and passes such a joint resolution. H.J. Res. 57, the companion resolution to S.J. Res. 27, was introduced in the House on June 7, 1999, and referred to the Committee on Ways and Means. On July 1, the committee considered the resolution, and ordered it to be reported adversely by voice vote. The full House has yet to act on that report. So even if for some reason which escapes me the Senator from New Hampshire [Mr. SMITH] can justify his urgent desire to bring his legislation to the floor, where is the logic in putting the procedural cart before the horse and acting before the House does?

Those are my procedural objections to the motion. But I also oppose the resolution, and thus the motion to discharge it, on substantive grounds. In my five years as subcommittee chairman, I have always fully supported unconditional NTR status for China and done so for several reasons: some practical, some policy-based.

First, from a practicality standpoint, I firmly believe revoking NTR would hurt us more than the Chinese—the economic equivalent of cutting off your nose to spite your face, or, as the Chinese say, ''lifting up a rock only to drop it on your foot.'' In 1998, U.S. exports to China directly supported over 200,000 U.S. jobs. In 1995, China bought $1.2 billion worth of civilian aircraft, $700 million of telecommunications equipment, $330 million of specialized machinery, and $270 million of heating and cooling equipment. Those figures have grown since then.

China is now the world's third largest economy, and will continue to grow at an impressive pace well into the next century. The World Bank estimates that China will need almost $750 billion in new investments to fund industrial infrastructure projects alone in the next decade. Cutting off NTR—and the Chinese retaliation that would surely follow—would only serve to deprive us of a growing market. China is perfectly capable of shopping elsewhere and our ''allies'' are more than happy to step into any void we leave. We recently saw a prime example of that willingness; in 1996 then-Premier Li Peng traveled to France where he signed a $2 billion contract to buy 33 Airbuses—a contract that Boeing thought it was going to get.

Second, instead of using the NTR issue as a carrot-and-stick with the PRC, I believe the best way to influence the growth of democratic ideals, human rights, and the rule of law in that country is through continued economic contacts. I think anybody who has been to China, especially over the course of the last 15 years, has seen that for themselves. One of the strongest impressions that I take away from every trip I make to China in my capacity as subcommittee chairman is the dramatic effect that economic reform has had on the population. As you travel south from Beijing to Guangzhou where the greatest economic development has taken place, it is clear that economic development and contact with the West through trade has let a genie out of the bottle that the regime in Beijing will never be able to put back.

Local government officials do not want to talk about the Taiwan dispute;

they want to talk trade. Local businessmen do not want to talk about political ideology; that want to talk about increasing their profits and establishing a legal framework in China within which to do business. Local citizens do not care about the latest pronouncements from the Central Committee; they care about increasing their incomes and bettering their living conditions. People of the hundreds of thousands of villages where local democratic elections have been held have made it clear they would not quietly return to the old way of doing things.

The development of a market economy is the best way to encourage democratic reform. We have seen it in South Korea, we have seen it in Taiwan, we have seen it in the former Soviet Union, and I believe that we are beginning to see it now in China.

Third, revoking NTR would have a damaging effect on the economies of Hong Kong and Taiwan—two of our closest friends in the region. A vast majority of our China trade passes through Hong Kong and Taiwan; in addition, revoking NTR would have the greatest impact in the southern China provinces of Guangdong and Fujian where Hong Kong and Taiwanese businessmen have made substantial investments. Just for the limited sanctions and countersanctions proposed during our dispute over Chinese infringement of our intellectual property rights in 1996, the Hong Kong government estimated that Hong Kong would loose 11,500 jobs, $13.4 billion in reexport trade, and 0.4 of a percentage point from a 4.6% GDP. The effects would be much more pronounced were NTR to be involved.

Fourth, NTR is not some special treatment or favor that the United States passes out rarely; it is the normal tariff status with our trading partners. Only 8 countries are not accorded that status: Afghanistan, Azerbaijan, Cambodia, Cuba, Laos, North Korea, Vietnam, and Serbia. To cast China into that grouping of pariah states would do irreparable damage to our bilateral relationship, and to the security and stability of East Asia as a whole.

With the demise of the cold war, and changing world realities, we would do better to repeal Jackson-Vanik and the yearly theater that surrounds the China NTR debate. It only serves: to make U.S. businesses nervous—they never know from one year to the next whether they will have NTR, and their investments in China, yanked out from underneath them; to complicate our relationship with the Chinese—the annual debate always reminds them that we treat them differently than almost every other country and some of the ensuing rhetoric in the debates is less than helpful to the relationship; and, to compromise our credibility both with the Chinese and in Asia in general—threats to revoke NTR have yet to be carried out and conditioning has never worked.

I am not an apologist for the PRC—far from it. My subcommittee has held numerous hearings highlighting Chinese human rights abuses, oppression in Tibet, saber rattling aimed at Taiwan, unfair trade practices including tariff and non-tariff barriers, and the recent allegations of espionage—all issues I have raised personally with Chinese leaders from President Jiang on down. But no matter how maddening or ill-advised Beijing's behavior, I do not believe that withholding NTR is an effective instrument of foreign policy vis-a-vis China. In fact, I believe that there is no more effective way to influence the PRC than engaging China and slowly drawing it into the family of nations. If there is a way, I have yet to be made aware of it; I just know that the revocation or conditioning of NTR is not it.

For all these reasons then, Mr. President, I urge my colleagues to oppose the motion to discharge S. J. Res. 27.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 6 minutes to my very good friend, the distinguished Senator from the State of Washington.

The PRESIDING OFFICER. (Mr. CRAPO). The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I rise to join my colleagues in opposition to the Smith resolution on normal trade relations for China. Once again, the Senator is confronted with an effort to circumvent the legislative process and radically change U.S. policy towards China. I oppose this effort. But I also caution my Senate colleagues, that the approach advocated here today is very dangerous to U.S. foreign policy.

United States-China relations are at a very delicate stage now. The relationship is very troubled at the moment. The accidental U.S. bombing of the Chinese embassy in Belgrade and accusations of Chinese nuclear espionage have given policymakers in both countries numerous reasons to be cautious about this important relationship.

Today's debate will be a brief one. With my time, I want to make a couple of points to articulate why we must once again defeat the effort to deny NTR or MFN status to China.

First, trade is the foundation of the United States-China relationship. Certainly, there are problems on the trade front. We have a troubling deficit, problems with issues like transshipment and intellectual property rights violations, and market access issues—to name just a few. Many of these issues are under consideration in the talks led by the United States over China's accession to the World Trade Organization. I continue to support China's accession to the WTO on commercially viable terms. I think we are very close to a WTO agreement that will be strongly supported by the Congress.

Yes, trade with China is very important. But, perhaps more important, is the fact that trade has opened China's doors to the world. Our government is able to engage China on a number of issues from drug smuggling to cooperation on issues like human rights, North Korea, nuclear expansion in South Asia, and global environmental problems. Like it or not, if we end our trade relationship with China as some suggest, all of these beneficial openings to China will be curtailed or lost.

It is not just government-to-government contacts that we should be worried about. My personal opinion is the American people are having a far greater impact on the Chinese people than any congressional debate could ever have. Students and scholars, adoptive parents, business and tourist delegations, sister city delegations, and local government officials from my state are actively engaged in China. These folks are making a difference that benefits both the American and Chinese people. I do not want to see these people-driven initiatives for change jeopardized by passage of this resolution.

One in five people in Earth live in China. It is an immense population that impacts us all in so many ways—the world's food supply, pollution problems, and the use of natural resources, to name a few. The United States has the ability to cooperatively assist in China's development; we must not shy from this opportunity to aid both the Chinese and American people.

My second point addresses reform in China. Within China today a furious debate is raging. Leaders like President Jiang Zemin and Premier Zhu Rhongi are under attack by more conservative anti-Western forces. The Embassy bombing and other issues have emboldened the hard line forces within China's leadership. There are elements within the Chinese Government that do not want to move forward with constructive ties with the United States.

The resolution before the Senate today, in my estimation, sends a very dangerous message to China. The message is the United States is recoiling towards a more confrontational posture towards China. Passage of this resolution will strengthen those in China who argue that China should treat the United States as an adversary. If that happens, the relationship will certainly spiral in dangerous directions for both the Chinese and American people.

If we undermine the reform forces in China, it will have dangerous implications for this country. At the United

Nations, where China is a permanent member of the Security Council, the United States will have a very difficult time as the world's lone superpower. In Asia, where economic recovery is beginning to take place and where we have 100,000 military personnel, our efforts to preserve decades of peace will be jeopardized. And, the United States will be alone in the world in seeking to isolate China economically, potentially causing problems with our allies in Europe and Asia.

Though I strongly oppose this resolution, I do not mean to imply that the China relationship is easy or that the United States should make concessions to the Chinese. That is simply not the case. The United States-China relationship is very difficult for this country and will be so for some time. I have many objections to Chinese actions. But, I believe, to change China, we must be an aggressive participant in the global effort to engage the Chinese Government and the Chinese people.

This resolution before us today would seriously threaten our ability to contribute to change in China. And that is clearly not in our national interest. I urge my colleagues to defeat the Smith resolution.

The PRESIDING OFFICER. Who yields time?

Mr. SMITH of New Hampshire addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. How much time remains?

The PRESIDING OFFICER. The Senator has 10 minutes 55 seconds remaining.

Mr. SMITH of New Hampshire. Mr. President, I cannot let go unchallenged on the floor the accusation that I am circumventing the legislative process. I think my colleagues know that is not true. This is the act, the Trade Act of 1974. I have it in my hand. I would encourage my colleague to read it before making accusations that are simply false.

> In the committee of either House to which a resolution has been referred, that has not been reported at the end of 30 days after its introduction, and counting any day which is excluded under section 154(b) it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution associated with this.

The bottom line is, this went to the committee on June 3. It has remained there to this day. More than 30 days have passed. The bottom line is, which is perfectly legitimate under the rule, the Finance Committee does not have to discharge it. If they do not discharge it, what happens is China gets its NTR status, and Jackson-Vanik is waived.

So I am exercising my right in doing what I am doing. And for colleagues to come down here and say I am circumventing the legislative process simply is not true. I would like to go back and see how some of my colleagues voted on some of these matters.

I have heard on the floor that it is inappropriate to debate this issue; it is inappropriate to talk about it. ''Take morning business and come down here,'' or ''speak at midnight when nobody is watching.''

There is a process here. It is written in the law that the Senate has an hour on the motion to determine whether or not to discharge, and then if we pass these motions I am offering on China and Vietnam, we have the opportunity to debate this.

So I am hearing that it is inappropriate for the Senate to debate something provided under the law. Why in the world is it inappropriate to debate anything on the floor? If you want to know what is wrong with this place, this is a pretty good example. ''It is inappropriate to debate what's going on in China and Vietnam on the Senate floor.''

Let me tell you what is inappropriate. With all due respect, what is inappropriate is the fact that the Communist Chinese are threatening Taiwan with missiles. What is inappropriate is what the Chinese Communist Government did to the people of Tibet. What is inappropriate is the fact that the Chinese Government put hundreds of thousands, maybe millions of dollars into U.S. elections. What is inappropriate is that they have tried to take over the Long Beach shipyard. What is inappropriate is that the Chinese have gobbled up the port leases on both sides of the Panama Canal. What is inappropriate is population control. What is inappropriate is forced sterilization. What is inappropriate is killing unborn children, female children. That is what is inappropriate. What is also inappropriate is trying to run over peaceful protesters with tanks in Tiananmen Square.

So do not tell me it is inappropriate to debate something on the floor. It is an outrage that this Senate will not approve this motion and allow the opportunity to do that.

Let me come to the floor and debate these issues. They do not want me to come to the floor, I say to the American people. That is why my resolutions are going to go down, because they do not want to hear about it, because the administration has made a decision to grant most-favored-nation status, normal trade relations—a decision to look the other way while China does these appalling things.

I say, with all due respect—I said it earlier, and I will say it again—this President went to war and put American forces in harm's way to protect the human rights of the Albanians in Kosovo. And I can't get a resolution passed to debate human rights violations in China or Vietnam. What does that tell you? Is this America? Do you want to know what is wrong with politics? This is what is wrong with politics.

In China, they can do what they want. China is a sovereign nation. I guess, under the Clinton policy, we may be bombing them tomorrow. I do not know if it is human rights violations. Apparently, we cannot talk about them in the Senate. However, let me read you a little bit about what goes on in China from the 1998 State Department Human Rights Report.

> Disciplinary measures against those who violate policies can include fines (sometimes a ''fee for an unplanned birth'' or a ''social compensation fee''), withholding of social services, demotion, and other administrative punishments . . . intense pressure to meet family planning targets set by the Government has resulted in documented instances where family planning officials have used coercion, including forced abortion and sterilization, to meet government goals. During an unauthorized pregnancy, a woman often is paid multiple visits by family planning workers and pressured to terminate the pregnancy.

It goes on and on and on.

Are we going to give most-favored-nation status to this country? This is the issue. We are going to give it to them without giving me and other Senators in this body the opportunity to debate it on the floor? Welcome to America, for goodness sakes.

I thought the Senate was the greatest deliberative body in the world where all of the great debates took place. I am standing at Daniel Webster's desk. He would probably turn over in his grave if he heard that we would refuse to debate something as important as this. Daniel Webster stood on this floor, the strong advocate, year after year, against the outrage of slavery—and we cannot talk about China and Vietnam because my colleagues will not allow me to bring these resolutions out.

It is outrageous. I just do not understand it. It is exactly everything that is bad and wrong and outrageous about politics and about the process around here. I am sick of it. It is wrong.

Yes, bringing these motions is within the rules. Somebody put it in there. But for goodness sakes, what is fair is fair. It is not a question of me coming to the floor and saying: Well, nothing is happening in China; I'm just going to come down on the floor and create some problems here and tell you about things I made up, or I'm going to say nothing is going on in Vietnam.

I am not making this up. Right today, in the Washington Times:

> Chinese companies transferred missile components to North Korea last month in a sign Beijing is stepping up arms sales in response to the NATO bombing of the Chinese embassy in Belgrade. ''We are concerned about Chinese entities providing material for North Korea's missile program,'' a senior administration official told the Times. ''In our

judgment, the Chinese government has no interest in seeing North Korea develop its missile technology.'' The Pentagon believes that some of the missile technology contains material of U.S.-origin, and that the transfers violate Chinese promises not to ignore international missile export controls barring such sales to rogue states, said U.S. intelligence officials.

Apparently we are not upset enough, are we? We are going to give them normal trade relations and look the other way. You steal our secrets; you abort your children; you forcibly abort female children; you saber rattle in Taiwan; you threaten to run over peaceful demonstrators with tanks. A priest was murdered a couple of months ago on the streets of Beijing. You give contributions to one of the major political parties in America, and we are going to look the other way.

We are not even going to debate it. I say to the people out there in America: Watch the vote. You will see it. One right after another, they will come down here and SMITH will lose on Vietnam and SMITH will lose on China. And the American people will lose the opportunity to debate it.

I cannot do this in 30 minutes. I would like to go into some of these matters in detail, but I do not have the time. That is the rule. I have 30 minutes, an hour equally divided. That is it.

So I just say to my colleagues, give me the opportunity to debate these matters on the floor so I can point out to you the human rights abuses and the flagrant violations of both of these countries. Vietnam does not deserve the Jackson-Vanik waiver and China does not deserve to be given normal trade relations.

Mr. President, I see my time has expired. I yield back the last minute.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 4 minutes to my friend, the Senator from West Virginia, Mr. ROCKEFELLER.

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

Mr. ROCKEFELLER. I thank the Presiding Officer.

I point out to my friend from New Hampshire that he did, indeed, have the floor. The parliamentary process seems to be working. He has mentioned those aspects on which he disagrees with China five or six times apiece now since I have been on the floor in only the last 10 minutes. I don't think he should be that concerned about not being able to debate.

There were those of us on the other side of the aisle who were trying to debate something called the Patients' Bill of Rights for several weeks, and we were denied that. Well, this is a tough body. One does the best they can.

I think terminating normal trade relations with China would be an enormous mistake. I have often said one of the greatest speeches I have ever heard on the floor was given by Senator Jack Danforth. It was the last one he ever gave on the floor. It was a number of years ago when he retired. He talked about the fact that every Senator wants to be a Secretary of State, and every Senator thinks that he or she is a Secretary of State. Every Senator thinks that he or she ought to act as Secretary of State, and that about half of us try to. There is an endless opportunity because you can bring up other countries and bring up all the things you don't like about them.

The Senator from New Hampshire doesn't approve of different of their social policies, so he brings them up. He has a chance to speak about them. None of this, in my judgment, has to do with the self-interest of the United States of America. What is foreign policy? What is trade policy? It is meant to be the self-interest of the United States of America.

The Senator, as he concluded his argument, actually said that China was taking over, implying that they had taken over the Panama Canal. That came as a surprise to me because I read the news fairly diligently and haven't heard that. What I do know is this: China has been through 5,000 years of history, and I have studied it quite carefully. They have never had a single day of stability that they could count on. In fact, even under Confucian philosophy, the people always have, in the so-called five relationships, the right to overthrow the emperor any time they want, and they frequently have.

They are, as the Senator from Washington indicated, one-fifth of the world's population. They are an absolute key. The very worst thing I can imagine us doing at this time would be to terminate normal trade relations.

If the Senator from New Hampshire, as he says, believes that the Chinese are not treating the Taiwanese well, if you want the Taiwanese-Chinese relationship, the PRC-Taiwanese relationship, it is not a zero-sum game. The best relationship between the PRC and Taiwan is always going to be under those conditions wherein the United States and the PRC have the most normal, natural, and efficient relationship. That means we will disagree on many things, but we will also do a number of things, which we have been doing for years: For example, trading, exchanging students, learning more about each other. Americans have always had a kind of love/hate relationship with China. It is part of the mysticism, the mystery of our intangible history of the past centuries with them.

We have never really understood China very well. We don't understand China very well today. But one thing I know, if we terminate normal trade relations, it is going to give the upper hand to the very people in the People's Liberation Army, some of the younger turks there who are the people that, in fact, in 1996 led the move to point missiles at Taiwan and who are probably right now doing everything they can to destabilize Zhu Rhongi and President Jiang Xemin, who are trying to reform China, to stabilize China, to deregulate China, to make China into a more modern economy with, all the time, 120 or 140 million people that are completely homeless wandering around the country.

I strongly advise my colleagues to vote against what is quite an outrageous resolution, which has no place whatsoever on the floor.

I yield the floor.

Mr. MURKOWSKI. Mr. President, I also rise to urge my colleagues to vote against the motion to discharge the Committee on Finance from further consideration of the resolution disapproving the extension of the Jackson-Vanik waiver authority for normal trade relations with China.

Beyond the procedural problems my colleagues outlined regarding taking up this measure today, there are clear and crucial reasons to oppose this motion because the underlying disapproval resolution should also be opposed on its merits.

Let me state that I agree with my colleague on the goals he seeks to achieve by pursuing this motion, but I disagree with his methods.

I too am concerned about the recent espionage reports and the implications for our national security.

I too am concerned about China's destabilizing weapons sales.

I too want China to resolve peacefully her territorial disagreements in the South China Sea.

I too want China to lower barriers to U.S. exports and to reduce her trade surplus with the United States.

I too want China to end her military threats against Taiwan and to resolve peacefully her differences with Taipei.

And I too want China to respect the basic human rights of its citizens.

But I do not believe that withdrawing normal trade relations status will force China to satisfy any of our objectives. Indeed, sanctioning China by withdrawing NTR runs the risk of making that country more belligerent and less cooperative on these and other issues.

Moreover, revoking NTR would be contrary to American interests and the interests of the American people.

Experience shows that unilateral trade sanctions generally don't work. The chances of success only improve when sanctions are applied in cooperation with our major allies. However, not one of these allies is even debating whether to withdraw NTR status from China.

Let's be clear on this point. If we revoke NTR status for China, Beijing would certainly be hurt, but so too would the United States.

As a result of withdrawing NTR, U.S. duties on goods imported from China would immediately rise to the tariff rates established under the highly protectionist, depression-era Smoot-Hawley tariff law.

Because NTR is provided on a reciprocal basis, China would respond to higher tariffs on her goods by slapping higher tariffs on U.S. goods. Such a move will slam the door shut on U.S. exports to the Chinese market—the fastest-growing market in the world for the highly competitive American aircraft, telecommunications, and automotive equipment industries.

These export opportunities will go instead to the Europeans, the Japanese, the Canadians and firms from all the other countries in the world which continue normal commercial relations with China.

In addition to severely damaging U.S. exporters, the small and large American firms that have invested billions of dollars to penetrate the Chinese market would see their efforts and investments jeopardized.

The economic fallout from withdrawing China's NTR status is not only going to hit American companies, but also American consumers. Our lowest income citizens, in particular, would suffer from the dramatically higher prices they will have to pay for a variety of basic goods as a direct result of the imposition of substantially higher duties on Chinese imports.

There are those who claim that pricing Chinese goods out of our market through higher duties would be beneficial because the products we now import from China would be produced in the United States. But any business person will tell you the truth is that in almost all cases imports from China will be replaced not by American products but rather imports from other developing countries.

We must also recognize that cutting ourselves off from China by withdrawing NTR will severely limit our ability influence developments in China, including how China treat its citizens and whether it permits the development of a freer society.

Mr. President, it is also important to recognize that the United States already has specific, measured and targeted tools at our disposal that allow us to address problems with China without resorting to the indiscriminate and destructive approach of revoking NTR.

For example, we can adopt the Kyl-Domenici-Murkowski amendment to reorganize the Department of Energy to prevent further losses at our national weapons laboratories.

We can involve targeted Section 301 sanctions for discrete discriminatory and unreasonable Chinese trade practices.

We can continue to expose and condemn China's repressive human rights record in this Chamber and in organizations around the world.

We can counter China's threats to Taiwan by considering sales of upgraded defensive weaponry to Taipei, as well as by reaffirming our unwavering commitment to a peaceful resolution of the dispute between Taiwan and China in the context of our one China policy.

We can rely on international law and the shared interests of the countries of Southeast Asia to counter aggressive Chinese territorial claims.

I want to note here, moreover, that neither the Taiwanese—who are never shy about voicing their opinions to Members of Congress—nor the countries of ASEAN which have territorial disputes with China, support the United States revoking NTR for China.

The bottom line, Mr. President, is that revoking NTR would not advance the goals for China which I share with my colleague, and will likely worsen our problems with China. And it would put at risk hundreds of thousands of American jobs and billions of dollars worth of American exports and investments.

With so much to lose and nothing gained, I urge my colleagues to vote against this motion.

Mr. KERREY. Mr. President, I rise today in strong opposition to the motion to discharge the Finance Committee from further consideration of S.J. Res. 28. I oppose the efforts of the Senator from New Hampshire because I believe passage of S.J. Res. 28 would be a step backward and would jeopardize our efforts to encourage political and economic change in Vietnam.

Mr. President, I am confident my colleagues on both sides of this debate share the same goal: helping to create a democratic Vietnam. We all want to see a Vietnam that respects the rights of all of its citizens. A Vietnam whose society is based on the rule of law. A Vietnam that protects private enterprise and abides by international commercial standards. A Vietnam that cooperates with the United States in seeking to end the pain and the lingering questions of the thousands of American POW/MIA families.

While we share the same goal, we fundamentally disagree on how best to achieve a democratic Vietnam. Those who support S.J. Res. 28 believe we are more likely to promote democratic reforms and the human rights of the Vietnamese people by discontinuing our dialogue with the Government of Vietnam. They believe we can encourage the transition to free market economics by putting U.S. businesses in Vietnam at a disadvantage relative to their global competitors and making it more difficult for them to operate. Finally, they believe we can improve Vietnamese cooperation in solving outstanding POW/MIA cases by jeopardizing successful, joint investigative and recovery programs.

Proponents of this legislation will argue passage of S.J. Res. 28 would only have the minimal effect of denying the President's waiver of the provisions of the Jackson-Vanik Amendment. The truth is, this vote is a referendum on our entire policy of engaging Vietnam. Those who support this Resolution have opposed every effort to normalize U.S.-Vietnamese relations. With this Resolution, they are trying to take us back to the policy of the 1980s that sought to isolate Vietnam from the United States both diplomatically and economically. This policy failed in the 1980s, and will undoubtedly fail again.

Mr. President, proof of the failure of disengagement is found in the fact that since renewing our diplomatic relations with Vietnam we have seen progress on the issues we care about. I attribute most of this improvement on the ability of our government to communicate with Vietnam through normal, diplomatic channels. This progress will continue if we allow people like Ambassador Pete Peterson to continue to impress upon the Government of Vietnam the seriousness with which we attach to issues such as democratization, human rights, and POW/MIAs. Passage of this Resolution will undermine Ambassador Peterson's efforts, will force us to step back from our policy of engagement, and will endanger the progress we have already achieved.

This is not to say that we do not continue to have issues with which we disagree with the Vietnamese government. Economic and social reforms are not progressing quickly enough. We continue to hear of cases where the rights of political dissidents are not respected. And until every POW/MIA is accounted for, we will continue to press the Vietnamese government for answers. However, the authors of S.J. Res. 28—those who oppose continued normalization of our relations with Vietnam—have failed to explain how disengaging from Vietnam will encourage their government to take positive action on any of these issues.

Mr. President, those who prefer isolation simply fail to fully understand the power of the United States to act as a catalyst for societal and economic change. We cannot be this catalyst for the Vietnamese people if we are not fully engaged in Vietnam. I would argue we need to be more engaged than we are today. Where we disagree with Vietnamese government, we should forcefully challenge them. And where we see the budding signs of reform, we should foster its growth. We cannot do this if—as those on the other side propose—we do not continue to move forward in our relationship with Vietnam.

Passage of S.J. Res. 28 is a step backward. Rather than going back, I believe we should look forward. We should look for ways to fully unleash the power of

our people, our ideals, and our system of government to help the Vietnamese achieve the goal of democracy. I urge my colleagues to oppose the motion to discharge S.J. Res. 28.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Montana.

Mr. BAUCUS. Mr. President, I believe that concludes the number of speakers who wish to speak on this matter and, therefore, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that it be in order to ask for the yeas and nays on both resolutions.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SMITH of New Hampshire. Mr. President, I ask for the yeas and nays on both resolutions: the China resolution and the Vietnam resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

VOTE ON MOTION TO DISCHARGE S.J. RES. 27

The PRESIDING OFFICER. The question is on agreeing to the motion to discharge S.J. Res. 27.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

The result was announced—yeas 12, nays 87, as follows:

[Rollcall Vote No. 213 Leg.]

YEAS—12

Bunning	Hollings	Sessions
Collins	Hutchinson	Smith (NH)
Feingold	Inhofe	Snowe
Helms	Leahy	Wellstone

NAYS—87

Abraham	Domenici	Levin
Akaka	Dorgan	Lieberman
Allard	Durbin	Lincoln
Ashcroft	Edwards	Lott
Baucus	Enzi	Lugar
Bayh	Feinstein	Mack
Bennett	Fitzgerald	McCain
Biden	Frist	McConnell
Bingaman	Gorton	Mikulski
Bond	Graham	Moynihan
Boxer	Gramm	Murkowski
Breaux	Grams	Murray
Brownback	Grassley	Nickles
Bryan	Gregg	Reed
Burns	Hagel	Reid
Byrd	Harkin	Robb
Campbell	Hatch	Roberts
Chafee	Hutchison	Rockefeller
Cleland	Inouye	Roth
Cochran	Jeffords	Santorum
Conrad	Johnson	Sarbanes
Coverdell	Kerrey	Schumer
Craig	Kerry	Shelby
Crapo	Kohl	Smith (OR)
Daschle	Kyl	Specter
DeWine	Landrieu	Stevens
Dodd	Lautenberg	Thomas
Thompson	Torricelli	Warner
Thurmond	Voinovich	Wyden

NOT VOTING—1

Kennedy

The motion was rejected.

The PRESIDING OFFICER. Under the statute, a motion to reconsider a motion to table is not in order.

VOTE ON MOTION TO DISCHARGE S.J. RES. 28

The PRESIDING OFFICER. Under the previous order, the Senate will now vote on the motion to discharge S.J. Res. 28. On this question, the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

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

The result was announced—yeas 5, nays 94, as follows:

[Rollcall Vote No. 214 Leg.]

YEAS—5

Campbell	Helms	Smith (NH)
Feingold	Hollings	

NAYS—94

Abraham	Enzi	McCain
Akaka	Feinstein	McConnell
Allard	Fitzgerald	Mikulski
Ashcroft	Frist	Moynihan
Baucus	Gorton	Murkowski
Bayh	Graham	Murray
Bennett	Gramm	Nickles
Biden	Grams	Reed
Bingaman	Grassley	Reid
Bond	Gregg	Robb
Boxer	Hagel	Roberts
Breaux	Harkin	Rockefeller
Brownback	Hatch	Roth
Bryan	Hutchinson	Santorum
Bunning	Hutchison	Sarbanes
Burns	Inhofe	Schumer
Byrd	Inouye	Sessions
Chafee	Jeffords	Shelby
Cleland	Johnson	Smith (OR)
Cochran	Kerrey	Snowe
Collins	Kerry	Specter
Conrad	Kohl	Stevens
Coverdell	Kyl	Thomas
Craig	Landrieu	Thompson
Crapo	Lautenberg	Thurmond
Daschle	Leahy	Torricelli
DeWine	Levin	Voinovich
Dodd	Lieberman	Warner
Domenici	Lincoln	Wellstone
Dorgan	Lott	Wyden
Durbin	Lugar	
Edwards	Mack	

NOT VOTING—1

Kennedy

The motion was rejected.

ORDER OF PROCEDURE

Mr. LOTT. Mr. President, I believe we have worked out some consent agreements now that will allow the Senate to go forward in a constructive way. One has to do with the campaign finance reform issue, and the other one has to do with how we will handle the intelligence authorization bill this afternoon.

I see Senator MCCAIN here. I know Senator FEINGOLD is here.

CAMPAIGN FINANCE REFORM

I ask unanimous consent that at a time to be determined by the majority leader, after consultation with the Democratic leader, but no later than Tuesday, October 12, 1999, the Senate proceed to the immediate consideration of a bill to be introduced by Senators MCCAIN and FEINGOLD regarding campaign reform, and that the bill be introduced and placed on the calendar by the close of business on Wednesday, September 14, 1999.

I ask unanimous consent that debate on the bill prior to a cloture vote be limited to 3 hours to be equally divided in the usual form.

I also ask unanimous consent that only amendments related to campaign reform be in order, with time on all amendments, first and second degree, to be limited to 4 hours each, equally divided in the usual form, and that if an amendment is not tabled, it be in order to lay aside such amendment for 2 calendar days.

I further ask consent that no sooner than the third day after the bill is brought to the floor, a cloture motion be filed on the McCain-Feingold bill, and if cloture is not invoked, the bill immediately be placed back on the calendar.

Finally, I ask unanimous consent that it not be in order at any time prior to the pendency, or during the remainder of the first session of the 106th Congress, for the Senate to consider issues relative to campaign reform, except as the issues pertain to the appointment of conferees and any conference report to accompany the McCain-Feingold legislation.

The PRESIDING OFFICER. Is there objection?

The Senator from Arizona.

Mr. MCCAIN. Mr. President, reserving the right to object, I yield to the Senator from Kentucky.

Mr. MCCONNELL. Reserving the right to object, I haven't quite finished reviewing this. If the majority leader will give me about 2 minutes, I think I will be ready.

The PRESIDING OFFICER. Are there other reservations of objection?

Mr. MCCAIN. Mr. President, reserving the right to object, I ask, does this mean that the majority leader will not fill up the tree with first- and second-degree amendments? In other words, the intent is to move forward with the amending process, up-or-down votes on the amendments and move forward? That is the intent of the majority leader?

Mr. LOTT. The intent is to have amendments and that they be voted on, on this bill.

My purpose in trying to get this worked out is so we can go ahead and complete our appropriations bills process but also recognizing the Senator's

desire to have this issue considered, finding a time which was most satisfactory to all involved on both sides of the aisle to have it considered. And it is our intent to have ample time for debate and for amendments to be offered and voted on.

Mr. McCAIN. I thank the majority leader.

This is a time now where we will be able to have a legitimate amending process. Amendments to perfect the legislation will be placed on the calendar by the close of business on September 14 so that we can improve or not improve. However, the legislative process will move forward, as we normally do on pieces of legislation before the body, with the exception, of course, that respecting the fact that the Senate does act with 60 votes to cut off debate, if Senator FEINGOLD and I fail to get 60 votes, then there is no sense in prolonging the debate or the discussion, including that we would not raise the issue again during the 106th Congress. We would have debates and amendments and votes on those amendments.

Mr. LOTT. Ordinarily, the way we do these unanimous consent agreements, I would have required the bill to be filed immediately after this unanimous consent agreement. But as the Senator indicated, that is over 2 months away and changes might be necessary. But I think it is also important for those who might not agree with the content of this bill to have ample time to see what the bill is going to be and to prepare amendments on the other side. I thought the September 14 day was a reasonable time.

Mr. McCAIN. If the majority leader will agree, for the remainder of the first session, we would not bring it up.

Mr. LOTT. I certainly hope not.

Mr. McCONNELL. Mr. President, I will not object. I ask the majority leader if he will yield for a moment.

Mr. LOTT. I am glad to yield to the Senator for a question.

Mr. McCONNELL. Let me say to the Senator from Arizona and the majority leader that I think this is a fair compromise. It would give the Senator from Arizona and the Senator from Wisconsin, as well as others who historically have been on the other side of this issue, an opportunity to offer amendments. It also will give us an opportunity, as the Senator from Arizona has indicated, to know what bill will be called up for debate on September 14. So I think this is a reasonable way to dispose of this issue that is fair to everyone, and it gives us an opportunity to proceed with the Senate's much more important business between now and the August recess.

I thank the majority leader for his good work on this, and I look forward to the debate later this year.

Mr. FEINGOLD. Mr. President, reserving the right to object, I thank the majority leader for his cooperation on this. I will ask a brief question. I want it to be absolutely clear in the record that the agreement as it reads involves a limitation with regard to the first session of the 106th Congress, but that we are not precluded in any way from raising this issue again in the second session of the 106th Congress.

Mr. LOTT. You are not. I am sure you would prefer to have this matter concluded in the first session.

Mr. FEINGOLD. Yes, absolutely, and there are other things on which I would like to be working.

That is a good lead-in for my comments on this issue. Again, I thank the majority leader and the Senator from Kentucky for their remarks. I especially thank the Senator from Arizona for his tremendous persistence on this issue and especially in working out this agreement in the middle of a very busy legislative schedule that I know we have for the rest of the year.

This agreement involves a debate to come up by October 12. It is later than I would have wanted. I understand we have had a few other things going on, including an impeachment trial, the war in Kosovo, and so on, but it is essential that this matter be seriously considered. I hope it is resolved and that we pass legislation before the end of this year. In any event, we have to bring it up.

The word ''amendments'' is critical in this agreement. We have to have a real amending process. We have not had that yet on campaign finance reform. At no point, since I have been working on the McCain-Feingold bill, have we ever had a time when Senators could offer their amendments about what they care about. Somehow, the process has always been truncated, and you can blame either side. Obviously, I have my view of it. But to me this agreement means that we will not again have a one-cloture-vote-and-we-are-done process. We are going to have real amendments, real debate, and a real discussion. If that transpires, I have a feeling we will have an outcome that, in my view, can lead to 60 or 70 votes, something on which Members on both sides can agree. That is my goal, and I think that is the goal of my colleague from Arizona.

I think it is very important to stay in touch with what happened in the other body. They have passed this legislation. A majority of Members of both Houses of the Congress are for this, and the President is ready to sign it.

I think it is important to make those points. Although it has its limitations, this can be the beginning of truly reaching some kind of an agreement in this House to do something about the incredible explosion of soft money that has tainted our democracy.

So, again, I thank the majority leader, and I am looking forward to this process.

Mrs. BOXER. Reserving the right to object, Mr. President, I want to say to my friends, you are terrific on this issue, and I appreciate what you have done. We got word from Senator LEVIN that he wants to see this agreement. He has asked if we would object at this point. He hasn't yet seen it. So I will be asking that this be put aside, or I will have to object on his behalf until he sees this.

The PRESIDING OFFICER. Objection is heard.

INTELLIGENCE AUTHORIZATION

Mr. LOTT. Mr. President, we have a second unanimous consent request that I think has been agreed to with regard to the intelligence authorization bill, so the Senate can go forward.

First of all, in view of the request that was made and the potential objection that I assume there will not be, I will withdraw that unanimous consent request at this time and then I will propound this request. I ask unanimous consent that the Senate now proceed to H.R. 1555.

I further ask consent that following the offering of the amendment by Senator KYL as provided for in the consent agreement on May 27, there be up to nine relevant second-degree amendments in order for each leader, or their designees, and an additional amendment to be offered by the managers to include agreed-upon amendments.

I further ask consent that the listed first-degree amendments noted below also be relevant and subject to relevant second-degree amendments: Senator TORRICELLI, with regard to funding disclosure; Senator MOYNIHAN, regarding declassification; Senator GRAHAM of Florida, relevant amendment; Senator FEINSTEIN, regarding the drug czar; Senator SMITH of New Hampshire regarding intelligence listing; again, Senator SMITH of New Hampshire, regarding intelligence declassification.

I further ask consent that following the disposition of the amendments, the bill be advanced to third reading and passage occur, all without any intervening action or debate, and no motions to commit or recommit be in order.

Mr. McCAIN. Reserving the right to object, I deeply regret this, but Senator LEVIN is on the floor right now. I hope we can come to an agreement on whether or not he would object to that unanimous consent agreement. I would like to finish it. I will yield to him at this time.

Mr. LEVIN. Mr. President, I thank my good friend from Arizona. I haven't had a chance to read it. I would appreciate a couple more moments to read this UC.

Mr. McCAIN. Mr. President, I object at this time, until we get this.

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

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

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that privileges of the floor be granted to Alexis Rebane during today's debate.

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

Mrs. BOXER. Mr. President, I ask unanimous consent that I be able to speak as in morning business on another subject.

Mr. McCAIN. I object.

The PRESIDING OFFICER. Objection is heard.

In my capacity as a Senator, the Chair suggests the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. 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. LOTT. Mr. President, I ask unanimous consent that the Senator from California be allowed to proceed while we are awaiting final confirmation on the unanimous consent request. She indicated very graciously that the minute we get ready to go on that she will yield the floor. With that understanding, I ask that she be allowed to proceed.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from California is recognized.

THE CONSERVATION AND REINVESTMENT ACT

Mrs. BOXER. Mr. President, I am so grateful to the majority leader. This morning there was, I thought, a very good presentation by several colleagues concerning S. 25, the Murkowski-Landrieu bill. This legislation, which is supported by a number of my colleagues, is called the Conservation and Reinvestment Act.

I want to say that is a wonderful title because it implies that we are going to conserve something and that we are going to reinvest money to make our environment better.

It is very tempting when you first look at the bill to say this is an excellent bill. But as you get into the bill, and as you listen to the remarks of my colleagues who are for it, you basically realize that it does basically one thing and one thing only; that is, it encourages more offshore oil drilling on Federal lands because it makes the revenues States receive dependent upon how much offshore oil drilling they engage in off their coast.

What it means for States such as California that protect its coastline by restricting offshore oil drilling, is that there will be less funding for conservation, and States that encourage offshore oil drilling, which I believe despoils the environment, will be rewarded by far more funds. States that have absolutely no offshore drilling and those that are landlocked also do not benefit from this bill.

While purporting to simply provide guaranteed funding for the Land and Water Conservation Fund, S. 25 distorts the fundamental principle behind the establishment of the Act.

The original idea behind it is to purchase beautiful lands for future generations.

When I ask colleagues if, in fact, S. 25 encourages offshore oil drilling—they say, no; we don't. But yet if you listened to Senator MURKOWSKI's comments on the floor today, you will hear something different. This is what he said about the bill, S. 25:

> In order to have a successful Conservation and Reinvestment act, we've got to have a continuation of OCS revenues occurring off the shores of some of our States.''

He went on to say:

Support for this legislation is related, to some extent, by those States that see an opportunity to generate a source of revenue.

And continued to say:

> In order for it to be successful, we have to have and encourage offshore revenue sharing.

Clearly, what Senator MURKOWSKI is saying about S. 25 is the truth. That is, if a State wants to receive more funds, they should allow and promote more offshore oil drilling off their coasts.

I come from a State that treasures its coastline and knows that the impact of offshore oil drilling is devastating. I don't think we should be punished because we stand strong in our State in a very bipartisan way, to say we don't want this impact.

I don't believe S. 25 is a conservation bill. I believe the principal goal is to encourage more offshore oil drilling, and thereby bring about more destruction to the environment—not less destruction.

States that have active drilling programs will be the primary benefactors. There is no question about it. Alaska, Texas, and Louisiana get 50 percent of the money while the entire Nation will lose as we deplete a beautiful federal publicly-owned natural resource; namely, our ocean.

This doesn't seem fair. This is a national resources owned by the American people. As such revenue from this resource must be shared throughout our nation.

States that are protecting their resource and don't have offshore oil drilling, as well as States that are landlocked, will lose under S. 25.

I introduced a bill that really does fulfill our commitment to the preservation of our natural resources. Congressman George Miller introduced the companion bill in the House. The bill we introduced, the Resources 2000 Act, has a number of fine cosponsors. In fact, 37 states would benefit more from the funding distribution under Resources 2000 than in S. 25.

I hope colleagues will look at the Resources 2000 bill, which has the support of over 200 environmental organizations.

Those on my bill include Senators DIANNE FEINSTEIN, PAUL SARBANES, CHUCK SCHUMER, FRANK LAUTENBERG, PAUL WELLSTONE, TED KENNEDY, JOE BIDEN, BARBARA MIKULSKI, BOB TORRICELLI, and JOHN KERRY. We have more coming.

We have a national resource—our oceans. We destroy that resource when we drill for oil.

Frankly, the amount of oil that is there isn't worth all the destruction that follows. However, if a State wants to do this, that is their option.

But I don't think they should get rewarded more because they do not mind destroying their coast. States that care about their coast and protect and defend it with laws and coastal zone management plans are penalized under S. 25.

In 1965, Congress established the Land and Water Conservation Fund. Congress decided that as we deplete one of our nation's natural non-resources, we should invest that money into protecting and preserving our nation's renewable resources. The Act required that we take the revenue from offshore oil drilling and put that money into purchasing critical lands.

They take the money and they repair. They repair, and they buy beautiful tracts of land to save it in perpetuity. Part of that money is supposed to be for historic preservation, which we haven't fully funded either.

S. 25 flies in the face of the principal purpose of the Land and Water Conservation Fund. Money distributed through S. 25 does not have to go for environmental purposes. S. 25 says to the States: You don't have to use the funds you are getting for the environment. In fact, money could be used to fund environmentally destructive activities, such as road building.

Many of my colleagues have stated that revenue generated from the Outer Continental Shelf should be treated similar to revenue from on-shore drilling. Lets be clear: the OCS land is unique. It is federal land, and federal land only. It is not within the boundaries of any state, unlike on-shore areas.

I think any expansion of the uses of OCS revenue should stick to the framework of the Land and Water Conservation Fund Act that Congress in its wisdom passed in 1964. And we must uphold that original commitment by fully funding the trust fund. That is what we ought to do—fully fund the Land and Water Conservation Fund, on the State side as well as the Federal side, and fully fund the historic preservation fund.

Many of us in our beautiful States, whether it is Mississippi, California, or anywhere in this country, have beautiful old buildings that are falling apart, and we don't have the funds to preserve them.

We should fully fund protection of our marine resources. In our bill, we provide $350 million for States to conserve and protect the marine environment.

We protect ranchland, farmland, and forestland through purchasing conservation easements.

I think it is a very exciting alternative to S. 25. It is, in fact, endorsed by over 200 conservation organizations. It is also the only legislation that provides funding to restore degraded Federal lands and tribal lands.

The majority leader made some good remarks this morning. He said we must maintain the lands we currently own. I agree with that. That is why Resources 2000 takes care of that by providing $250 million for the maintenance of our degraded federal and tribal lands.

I would like to inform you at this time of some of the organizations that support Resources 2000: Sierra Club; National Audubon Society; Environmental Defense Fund; The Wilderness Society; the California Police Activities League; Defenders of Wildlife; and Earth Island Institute.

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

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

ORGANIZATIONS SUPPORTING RESOURCES 2000

American Oceans Campaign.
Bay Area Open Space Council.
Bay Area Trail Council.
Bay Institute.
California Police Activities League.
Carquinez Strait Preservation Trust.
Defenders of Wildlife.
Earth Island Institute.
East Bay Regional Park District.
Environmental Defense Fund.
Friends of the Earth.
Friends of the River.
Golden Gate Audubon Society.
Greater Vallejo Recreation District.
Izaak Walton League.
Land Trust Alliance.
Marin Conservation League.
Martinez Regional Land Trust.
National Conference of State Historic Preservation Officers.
National Audubon Society.
National Environmental Trust.
National Parks and Conservation Association.
National Association of Police Athletic Leagues.
National Wildlife Federation.
Natural Resources Defense Council.
Physicians for Social Responsibility.
Preservation Action.
Save San Francisco Bay Association.
Save the Redwoods.
Scenic America.
Sierra Club.
Society for American Archaeology.
Trust for Public Land.
U.S. Public Interest Research Group.
Wilderness Society.

Mrs. BOXER. Mr. President, I encourage my colleagues to support the true conservation bill: the Resources 2000 Act. Again I thank the majority leader for his graciousness.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF PROCEDURE

CAMPAIGN FINANCE REFORM

Mr. LOTT. Mr. President, we cleared the campaign finance consent on both sides of the aisle. As far as I know, 99 Senators are prepared to agree with that. One Senator, the Senator from Michigan, came in at the last minute and objected.

I will make the commitment that I will live up to this unanimous consent agreement we have entered into to call it up on no later than Tuesday, October 12, 1999. I hope we will get the entire agreement worked out. But in the meantime, we plan on going forward October 12, either way.

INTELLIGENCE AUTHORIZATION

I ask unanimous consent the Senate now proceed to H.R 1555.

I further ask unanimous consent that following the offering of the amendment by Senator KYL as provided for in the consent agreement of May 27, there be up to nine relevant second-degree amendments in order for each leader or their designees, and an additional amendment to be offered by the managers to include agreed-upon amendments.

I further ask unanimous consent that the listed first-degree amendments noted below also be relevant and subject to relevant second-degree amendments: Senator TORRICELLI, funding disclosure; Senator MOYNIHAN, declassification; Senator GRAHAM, relevant; Senator FEINSTEIN, drug czar; Senator SMITH of New Hampshire, intelligence listing; Senator SMITH of New Hampshire, intelligence declassification; and Senator COVERDELL, drug kingpins.

I further ask unanimous consent that following the disposition of the amendments, the bill be advanced to third reading and passage occur, all without any intervening action or debate, and no motions to commit or recommit be in order.

The PRESIDING OFFICER. Is there objection?

Mr. MCCAIN. Reserving the right to object, and I will not object, I want to make it clear to the majority leader, in anticipation or not anticipation of the Senator from Michigan agreeing to the unanimous consent request, that it is the majority leader's intention to follow through with the unanimous consent request as is now presently in the Record no later than October 12 to move forward with the amending process as agreed to by the Senator from Kentucky and all of us until the Senator from Michigan objected; is that correct, I ask my friend from Mississippi?

Mr. LOTT. I apologize.

Mr. MCCAIN. Again, I want to reaffirm that it is the intention of the majority leader to comply with the unanimous consent request which was agreed to on both sides, with the exception of the Senator from Michigan, that no later than October 12, we will move forward with the legislation as articulated in the unanimous consent request.

Mr. LOTT. I say that is my intent. Of course, I would like to get the same commitment from the Senator from Arizona that it is his intent to live with this agreement also.

Mr. MCCAIN. Absolutely.

Mr. LOTT. That is my intent. I modify my UC request to delete the amendments by Senators TORRICELLI and GRAHAM and add one by Senator BRYAN regarding DOE labs.

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

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000

The PRESIDING OFFICER. Under the previous order, the clerk will report the bill.

The legislative clerk read as follows:

A bill (H.R. 1555) to authorize appropriations for fiscal year 2000 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Under the unanimous consent agreement, the junior Senator from Arizona, Mr. KYL, is to be recognized to offer an amendment after the general statements.

Mr. SHELBY. What is the pending business?

The PRESIDING OFFICER. The Senator from Alabama is recognized to make an opening statement on the bill.

Mr. SHELBY. Mr. President, on May 5 of this year the Senate Select Committee on Intelligence unanimously reported out of the Intelligence Authorization Act for Fiscal Year 2000. It subsequently referred to the Committee on Armed Services, where it was reported out on June 8.

Senator KERREY and I have once again worked very closely together to

address our critical need for high-quality intelligence by allocating resources in a manner designed to ensure that this need is met.

In preparing this legislation, the committee conducted a detailed review of the administration's three major intelligence budget requests for fiscal year 2000. They are the National Foreign Intelligence Program, the Joint Military Intelligence Program, and the Tactical Intelligence and Related Activities of the Military Services.

The committee held briefings and hearings with senior intelligence officials, reviewed budget justification materials, and considered responses to specific questions posed by the committee.

As in the past, the committee also impaneled a group of outside experts composed of distinguished scientists, industry leaders, and retired general and flag officers to review specific technical issues within the intelligence community.

The panel is known as the Technical Advisory Group and is similar to the Defense Department's Defense Science Board in some ways.

This group brings an invaluable level of expertise to the committee's work, and we owe them a debt of gratitude for their service.

Many of their recommendations have been incorporated into this bill before the Senate this evening.

Once again the committee has focused on what we refer to as the ''five C's''. They are: counterproliferation, counterterrorism, counternarcotics, covert action, and counterintelligence.

The last of the five, counterintelligence, has received a great deal of congressional and media attention in recent months in light of revelations of espionage activities by the People's Republic of China.

I am proud to say that the Intelligence Committee has been attempting to address the shortcomings of the Department of Energy's counterintelligence program for nearly 10 years, often to no avail.

In fact, it was the Intelligence Committee that directed the study that finally led to the drafting and signing of Presidential Decision Directive 61.

Before I turn to the legislative provisions in this bill, I feel compelled to share with our colleagues some comments about the current state of our defense and intelligence preparedness.

In the immediate aftermath of the cold war, optimistic appraisals of our intelligence and security requirements generated calls for dramatic cuts in defense and intelligence spending.

The first national security decision made by President Clinton on taking office in 1993 was to cut more than $120 billion from the defense budget. Substantial cuts were also made to classified intelligence programs.

Unfortunately, such optimistic estimates have proved sadly wrong.

Today we face a series of transnational threats spanning the spectrum of conflict from terrorist acts committed on U.S. territory to the development of weapons of mass destruction and their means of delivery by Third World countries.

I recently traveled to the Balkans and reviewed some of our intelligence activities in Europe. Military and civilian personnel were routinely working in excess of 80 hours a week, and that pace was nonstop throughout the Kosovo conflict.

Regretfully, the problems the military and the intelligence community are experiencing are partly our fault. Congress accepted ''defense on the cheap,'' and we have gotten exactly what we paid for as we always do—an intelligence community and military force stretched to its limits.

I believe the result is clear: We are not prepared to meet the challenges of a complex and dangerous world.

National security cannot be had on the cheap, and we have attempted to address some of the shortfalls in this year's bill.

The bill's classified schedule of authorizations and annex—I remind every Senator—are available for review just off the Senate floor. I repeat: The bill's classified schedule of authorizations and annex are available to every Senator in this body for review just off the Senate floor.

I will now discuss the significant unclassified legislative provisions contained in the bill.

First, section 304 directs the President to require an employee who requires access to classified information to provide written consent that permits an authorized investigative agency to access information stored in computers used in the performance of Government duties.

This provision is intended to avoid the problems we have seen with the FBI's reluctance to access ''Government'' computers without a warrant in the course of an espionage investigation.

There should be no question—yes, there should be no question—that investigative agencies may search the computer of an individual with access to classified information. This provision makes that perfectly clear.

Second, sections 501 through 505 comprise the Department of Energy Sensitive Country Foreign Visitors Moratorium Act of 1999.

What is that? Section 502 establishes a moratorium on foreign visitors to classified facilities at Department of Energy National Laboratories.

The moratorium applies only to citizens of nations on the Department of Energy ''sensitive countries list.''

Section 502 also provides for a waiver of the moratorium on a case-by-case basis if the Secretary of Energy justifies the waiver and certifies that the visit is necessary for the national security of the United States.

Section 503 requires that the Secretary of Energy perform background checks on all foreign visitors to the National Laboratories. The term ''background checks'' means the consultation of all available, appropriate, and relevant intelligence community and law enforcement databases.

Section 504 requires an interim report to Congress on the counterintelligence activities at the National Laboratories and a net assessment of the Foreign Visitors Program at the National Laboratories to be produced by a panel of experts.

Most importantly, the report must include a recommendation as to whether the moratorium should be continued or repealed.

The Senate Intelligence Committee has been critical of the Department of Energy's counterintelligence program for nearly 10 years. Beginning in 1990, we identified serious shortfalls in funding and personnel dedicated to protecting our Nation's nuclear secrets.

Yet year after year—and this year as well—the committee has provided funds and directed many reviews and studies in an effort to persuade the Department of Energy to take action.

Unfortunately, this and prior administrations failed to heed our warnings.

Consequently, a serious espionage threat at our National Labs has gone virtually unabated and it appears that our nuclear weapons program may have suffered extremely grave damage.

I believe we must take steps to ensure the integrity of our National Labs. We understand that a moratorium on the Foreign Visitors Program may be perceived by some as a draconian measure, but until the Department of Energy fully implements a comprehensive and sustained counterintelligence program, we believe that we must err on the side of caution. The stakes are too high.

The moratorium requires a net assessment to be conducted by a panel of experts; this is an integral part of a comprehensive report by the Director of Central Intelligence and the Director of the FBI on the counterintelligence activities at the National Laboratories.

Only then should we decide whether to lift the moratorium in favor of a comprehensive plan. I believe this is a very important point.

During our preliminary look in the committee into the problems at the DOE labs, we were convinced that the FBI could and should be required to inform an agency or department that they are investigating an employee of that particular agency.

Accordingly, section 602 of the bill requires the FBI to establish meaningful liaison with the relevant agency at the beginning stages of a counterintelligence investigation.

This section also amends the Intelligence Authorization Act for fiscal year 1995 to make clear that the FBI's obligation to consult with departments and agencies concerned begins when the FBI has knowledge of espionage activities from other sources or as a result of its own information or investigation.

In closing, I must remind the Members of this body, my colleagues, of an unfortunate fact. This is the last time that Senator KERREY, the distinguished senior Senator from Nebraska, will bring an intelligence authorization bill to the floor of the Senate as the vice chairman of the committee.

Senator KERREY's tenure on the committee will conclude at the end of this year.

This past March 14, as some of you will recall, marked the 30th anniversary of the day that Lieutenant, Junior Grade, BOB KERREY, leading his SEAL team on an operation on an island in the bay of Nha Trang earned our Nation's highest award for valor, the Medal of Honor.

No one who knows BOB KERREY's military record would question his physical courage, but I would like to talk for just a few minutes about another type of courage he has, and that is moral courage.

In a town like Washington that rewards neither, he is the rare man who has both, I believe. The wartime history of the United States Navy has documented his physical courage, but I want to recognize his moral courage. And I want to tell you why.

Senator KERREY has taken stands that many of us would consider politically unwise.

He took a stand on entitlements reform here in the Senate long before it was politically wise to do so. It can be said he laid his bare hand on the ''third rail of American politics'' and took the heat—something few in this body were willing to attempt.

As vice chairman of this committee, Senator KERREY has often taken issue with his own administration when he believed it was in the national interest to do so. Indeed, he always puts the interests of the Nation ahead of politics.

Also, Senator KERREY's knowledge of our intelligence needs is unparalleled in the Senate. And I will miss his service, as others will, on the Intelligence Committee.

Senator KERREY has set a very high standard for his successor, and I thank him for his dedication and integrity, and also for his personal friendship. It has been a pleasure and an honor to work with Nebraska's senior Senator.

I look forward to joining him on the floor one last time when the conference report for this bill reaches the floor later this year.

Until that time, though, we will continue to work closely to conduct vigorous oversight of the intelligence activities of the United States in the nonpartisan spirit that created this important and unique committee.

Mr. President, before I yield the floor, I ask unanimous consent that a copy of the Congressional Budget Office cost estimate for S. 1009 be printed in the Record.

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

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 1009—Intelligence Authorization Act for Fiscal Year 2000

Summary: S. 1009 would authorize appropriations for fiscal year 2000 for intelligence activities of the United States government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System (CIARDS).

This estimate addresses only the unclassified portion of the bill. On that limited basis, CBO estimates that enacting the bill would result in additional spending of $172 million over the 2000–2004 period, assuming appropriation of the authorized amounts. The unclassified portion of the bill would affect direct spending; thus, pay-as-you-go procedures would apply. However, CBO cannot give a precise estimate of the direct spending effects because the data necessary to support a cost estimate are classified.

The Unfunded Mandates Reform Act (UMRA) excludes from application of that all legislative provisions that are necessary for the national security. CBO has determined that the unclassified provisions of this bill either fit within that exclusion or do not cover intergovernmental or private-sector mandates as defined by UMRA.

Estimated cost to the Federal Government: The estimated budgetary impact of the unclassified portions of S. 1009 is shown in the following table. CBO cannot obtain the necessary information to estimate the costs for the entire bill because parts are classified at a level above clearances held by CBO employees. For purposes of this estimate, CBO assumes that the bill will be enacted by October 1, 1999, and that the authorized amounts will be appropriated for fiscal year 2000.

	By fiscal years in millions of dollars—					
	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Intelligence Community Management:						
Budget Authority [1]	102	0	0	0	0	.....
Estimated Outlays	104	39	9	2	0	.....
Proposed Changes:						
Authorization Level	0	172	0	0	0	.....
Estimated Outlays	0	106	52	10	3	.....
Spending Under S. 1009 for Intelligence Community Management:						
Authorization Level[1]	102	172	0	0	0	0
Estimated Outlays	104	145	61	12	3	0
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	(2)	(2)	(2)	(2)	(2)
Estimated Outlays	0	(2)	(2)	(2)	(2)	(2)

[1] The 1999 level is the amount appropriated for that year.

[2] CBO cannot give a precise estimate of direct spending effects because the data necessary to support a cost estimate are classified.

Outlays are estimated according to historical spending patterns. The costs of this legislation fall within budget function 050 (national defense).

The bill would authorize appropriations of $172 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and management of the intelligence agencies. In addition, the bill would authorize $209 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The payment to CIARDS is considered mandatory, and the authorization under this bill would be the same as assumed in the CBO baseline.

Section 305 would allow an individual who is or has been affiliated with a Communist or similar political party to become a naturalized citizen, if the individual has made a contribution to the national security or national intelligence mission of the United States. Under current law, such individuals are not allowed to become naturalized citizens, unless the affiliation was involuntary. Enacting this provision could effect certain federal assistance programs and the amount of fees collected by the Immigration and Naturalization Service. Because the number of affected individuals is expected to be very small, however, CBO estimates that any effects on direct spending would not be significant.

Section 402 of the bill would extend the authority of the Central Intelligence Agency to offer incentive payments to employees who voluntarily retire or resign. This * * * which is currently scheduled to expire at the end of fiscal year 1999, would be * * * through fiscal year 2000. Section 402 would also require the CIA to make a deposit to the Civil Service Retirement and Disability Fund equal to 15 percent of final pay for each employee who accepts an incentive payment. CBO estimates that these payments would amount to less than $3 million. We believe that these deposits would be sufficient to cover the cost of any long-term increase in benefits that would result from induced retirements, although the timing of agency payments and the additional benefit payments would not match on a yearly basis. CBO cannot provide a precise estimate of the direct spending effects because the data necessary for an estimate are classified.

Section 501 of the bill would require a background investigation of citizens of a foreign nation before they could enter a national laboratory of the Department of Energy. Based on information from two of the three national laboratories, CBO expects the laboratories to host about 10,000 foreign visitors a year. The cost to conduct an investigation would depend on the type of background check. According to the Defense Department, the cost for a minimum national agency check is about $70, and the cost can increase to $300 with additional credit bureau or local police agency checks. Because some of these costs would be incurred under current law, CBO estimates that the additional costs of section 501 would be minimal.

Pay-as-you-go considerations: Sections 305 and 402 of the bill would affect direct spending, and therefore the bill would be subject to pay-as-you-go procedures. CBO estimates that the direct spending costs of section 305 would be very small. CBO cannot estimate the precise direct spending effects of section 402 because the necessary data are classified.

Intergovernmental and private-sector impact: The Unfunded Mandates Reform Act excludes from application of the act legislative provisions that are necessary for the national security. CBO has determined that the unclassified provisions of this bill either fit within that exclusion or do * * * intergovernmental or private-sector mandates as defined by UMRA.

Previous CBO estimate: On May 5, 1999, CBO prepared a cost estimate for the unclassified portion of H.R. 1555, the Intelligence

Authorization Act for Fiscal Year 2000, as ordered reported by the House Permanent Select Committee on Intelligence, The House version authorizes * * * Intelligence Community Management, and the estimated costs of H.R. 155 are * * * higher.

Estimate prepared by: Federal Costs: Estimate for Naturalization Provision: Valerie Baxter. Estimate for Voluntary Separation Pay: Eric Rollins. Estimate for Remaining Provisions: Dawn Sauter. Impact on State, Local, and Tribal Governments: Teri Gullo. Impact on the Private Sector: Eric Labs.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

PRIVILEGE OF THE FLOOR

Mr. SHELBY. Mr. President, I ask unanimous consent that the following members of the committee staff be granted floor privileges during the pendency of this bill: Dan Gallington, Jim Barnett, Al Cumming, Pete Dorn, Peter Flory, Lorenzo Goco, Ken Johnson, Ken Myers, Linda Taylor, Jim Wolfe; and also Dr. Michael Cieslak on Senator BINGAMAN's staff.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Without objection, it is so ordered.

Mr. SHELBY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. KERREY. 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. KERREY. Mr. President, I rise to join my chairman, Senator SHELBY of Alabama, with whom I have had the pleasure to work now for several years. This is my last year on this select committee. It has been an opportunity, for the last 8 years, to acquire an understanding of what it takes to collect intelligence, to analyze that intelligence, to process it, produce it, and disseminate it.

It is nowhere near as easy as it used to be. In the old days, you basically sent human beings out there to try to figure out what was going on. You hoped they spoke the language and were smart enough to figure things out. They would come back and bring you the best stuff they could. Oftentimes it would be too late to act upon it.

I had a small piece of that some 30 years ago in the service, where we used to collect intelligence as well. So I have at least some independent understanding of the difficulty, especially on the human side. But the importance of what intelligence can bring to an operation cannot be overstated— the recent operation in Kosovo, the Dayton peace agreement, incident after incident that cannot be disclosed to the public because most of it occurs in a secret environment where warfighters and policymakers get information in a timely fashion and, as a consequence, lives are saved, success is achieved, and national security is improved.

This bill is a result of a bipartisan effort to make the year 2000 a watershed year for intelligence. This bill sets the intelligence community on a course to respond to the very complex world we are facing. The era of downsizing has ended. Intelligence must be positioned to collect, analyze, and inform policymakers on the complex threats we face.

As my colleagues are no doubt aware, most of the bill is classified. As always, Chairman SHELBY and I have made the classified sections available to our colleagues for their review. Further, committee staff is readily available to brief on any aspect of this bill. I believe Members have found the bill to be the result of a completely bipartisan effort to fund intelligence activities in fiscal year 2000.

Chairman SHELBY and I have tried, and I think on most occasions have consistently applied a single test, to determine whether or not a funding level or a provision or an oversight hearing or a letter or some other action is required. And that test is, will this make the people of the United States of America and our interests more secure as a consequence? If the answer is yes, we have done it. If the answer is no, we have not.

We do not, in these committees, check with our leadership to determine whether or not there is a Democratic position or a Republican position. What we do is check to determine whether or not the action will be in the best interest of the United States of America and keep the United States as secure as our best judgments can make it. It has been a pleasure to work with Senator SHELBY, and it has been an honor for me to have the opportunity to watch him participate and to experience his leadership on this committee.

As I said, I believe the year 2000 must be a watershed year for intelligence. That is because the intelligence community has been significantly downsized in the decade of the 1990s. Again, in classified briefings, we are pleased to provide Members with the information on that. I think most Members will be shocked to see the budget and the number of people, especially the number of people we have today, who are doing the collection, doing the analysis, doing the work of trying to figure out, with new technologies, how to produce and then how to disseminate this intelligence as quickly and accurately as possible. The number of people doing that has gone down.

This is not a simple task, such as we sometimes see in crime reports, where somebody will go into a 7–Eleven store, and they will have a camera that shows who they are. It is not that simple. These are, on the imaging side, complicated images; on the signal side, complicated signals; and always, on the human side, a very complicated set of circumstances out there that have to be first observed and then interpreted by men and women who have the requisite skills to get the job done.

Furthermore, we are making decisions today that don't just affect this year. We are making decisions today that will affect intelligence collectors and intelligence efforts 10 years from now.

In the area of technology, one has to try to anticipate where the world is going to go. The chairman and I put together what is called a technical advisory group, a group of not only highly skilled but highly motivated men and women, who love their country and are concerned about what we need to do to keep our country safe. We were able to basically take very complicated subjects; in my case—I am sure it is not true for the chairman —they had to convert sophisticated subject matter into very unsophisticated phrases so I would be able to understand what it was they were saying and make better judgments as well about what we need to do. Their contributions have been enormously important and have added significant value to our ability to make these kinds of decisions.

I pay them a very high compliment and urge my colleagues to consider that it is not just the highly professional and skilled staff—a couple years ago, we went away from a system where Republicans got so many staff members, Democrats got so many staff members or an individual got staff as well, to a professional staff—we have enjoyed the benefit of tremendous input coming from our private sector technical advisory group.

The cold war has ended.

And it is quite appropriate for us to have downsized our intelligence collection. As I said, in my strong and considered judgment, we have reached the point of no return. We have reached the point now where we are beginning to drawdown, as we say in farm country, our seed corn. We are drawing down our basic stockpile of resources to the point where we are doing great damage to our ability to answer the call of warfighters.

Though nobody knew the direction the world was going to take, or the size and seriousness of the threats the United States was going to face after the cold war, during the transition I believe it was quite correct to restructure many national priorities and get our economy back on sound footing. However, this transition must be considered to be open especially now that we have a better understanding of where the rest of the world is heading and we have a much more precise understanding of the kinds of threats the people of the United States face in that world.

Unfortunately, in some areas in the world, the world is heading in the

wrong direction. Rogue states are trying to acquire chemical, nuclear, and biological weapons for the purpose of threatening us and our friends. Many countries are actively pursuing long-range missile programs, which also threaten international peace.

A potential strategic partner, Russia, is in the midst of economic chaos and under extreme political difficulties. In recent war game exercises involving 50,000 conventional forces in Russia, the defense minister said those conventional forces did not have the capability they had 7 or 8 years ago when it was the Soviet Union. They have now made a decision to use nuclear weapons much more quickly than under previous battlefield instructions. That increases the threat to the people of the United States and signals the kind of decisionmaking that other powers out there that do not have conventional parity with the United States and other powers with bad intent might do in order to compensate for their lack of conventional strength.

Even more problematic, Russia's nuclear stockpile is aging. It is subject to the vagaries of the political and economic problems that confront its national leaders and too large to serve its essential defense requirements. Moreover, other nations are either at war or on the brink of war.

Prior to the Fourth of July recess, I spoke on the floor about the escalating military confrontation building between India and Pakistan. That conflict appears to have been resolved and a stand-down has occurred, but that conflict could flash up in an instant and put the interests of the people of the United States at considerable risk. Elsewhere, in Kosovo and Bosnia, and with Serbia, as well, our relations are extremely unsettled and are the focus of very close attention.

The list goes on and on. We have 37,000 Americans forward deployed in South Korea. Americans are forward deployed in many other regions in this world for the purpose of stabilizing those parts of the world. We believe—and I think quite correctly—that forward deployment increases stability in the world and adds to the chances of success to the struggling democratic nations—struggling to make the transition from command economies to market. It is very important for the United States to deploy our forces. It tends to act as a deterrent against potential bad actors. We have a mission in Iraq we are flying on a daily basis, and we are trying to watch literally the entire planet simultaneously so as to prepare our policymakers for something that could happen which could put American lives and interests at risk.

I am not trying to turn this statement into an international tour de force over foreign or defense policy. Instead, I want to remind my colleagues and the citizens whom they represent, that in many regions the world order is very disordered, and the Intelligence Community is the edge our policymakers must have in order to stay ahead of what has happened.

Without timely intelligence support, we cannot respond effectively. This means the era of downsizing intelligence has to end or we will find ourselves at a point where Congress discovers there are things we can't do. There is a tendency to take our intelligence efforts for granted and see it as sort of an invisible force. We see an image that is presented to us, such as a bomb damage assessment, and we don't understand what went into that. We didn't merely pull it off of a shelf. Or we see a report of an analysis that is done, where decisions are made and troops are deployed, and we don't ask ourselves as often as we should what was the intelligence collection fraction that went into that effort.

Was it possible to just pick up the forces and go into an area? The answer is no. A significant amount of analysis is done, and that analysis has given us an edge. It gives us battlefield superiority and the capability of doing things that, in previous wars, we were simply unable to do.

Our enemies know that. Our intelligence capability, all by itself, acts as a considerable deterrent. Because people know we have the capabilities, they are much less likely to take an action that would be hostile to us, dangerous to us and at the end of the day dangerous for them as well.

As colleagues may recall, last year when introducing the Fiscal Year 1999 Intelligence Authorization Act, I referred, as I mentioned, to this technical advisory group that Chairman SHELBY had the foresight to create. This highly qualified group of Americans evaluated some of the most esoteric and technical subjects the committee had to confront in order to position intelligence for future challenges. We used their services this year. They provided us with extremely valuable advice and saved taxpayers, my guess is—it would not be out of line to say they have saved hundreds of millions of dollars.

They have identified the areas where we might be able to use technology to reduce the threat of weapons of mass destruction. Because of the enormous contributions these men and women on the technical advisory group have made to the intelligence oversight effort, we had the ability not to just write a bill but, as I have said, write a bill that will keep Americans more safe.

I would be remiss if I didn't mention a subject that held a lot of media attention over the past 3 or 4 months, and that is counterintelligence. This bill contains provisions intended to help intelligence and law enforcement meet the espionage challenges we face. I am sure it is obvious that because of who we are, many nations want to know what we do. Espionage is a fact of life. We should act decisively when we detect it and prosecute fully those who engage in it. But it will not go away. Thus, we need to strengthen counterintelligence to meet the challenges. The bill contains important provisions to help us attack this very real and present danger.

As my colleagues are no doubt also aware, there will be an important amendment on the bill concerning a reorganization of parts of the Department of Energy. Most of the amendment is not about intelligence or counterintelligence; it is about nuclear weapons security. The President's Foreign Intelligence Advisory Board's report entitled ''Science At Its Best, Security At Its Worst'' reminds us it is also about accountability.

I look forward to a full debate on the amendment of which I am a cosponsor and to our discussion on the intelligence and counterintelligence provisions.

Again, I thank Senator SHELBY, the chairman of the committee, for his bipartisan and patriotic approach to developing this bill. I thank the entire staff for their work to present the committee a bill they could fully support. Because of the spirit of working together, the bill was reported out of committee unanimously. I urge my colleagues to support it.

Mr. President, I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, under the previous order, is it in order to proceed to the Kyl-Domenici amendment?

The PRESIDING OFFICER. That is correct.

Mr. KYL. Is the amendment already at the desk or does it need to be called up?

The PRESIDING OFFICER. It is not at the desk.

AMENDMENT NO. 1258

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

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from Arizona [Mr. KYL], for himself, Mr. DOMENICI, Mr. MURKOWSKI, Mr. THOMPSON, Mr. SPECTER, Mr. GREGG, Mr. HUTCHINSON, Mr. SHELBY, Mr. WARNER, Mr. BUNNING, Mr. HELMS, Mr. FITZGERALD, Mr. LOTT, Mr. KERREY, Mrs. FEINSTEIN, and Mr. SMITH of New Hampshire, proposes an amendment numbered 1258.

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

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. KYL. Mr. President, let me first compliment Senator SHELBY and Senator KERREY, the chairman and vice chairman of the Intelligence Committee, for their work in presenting the intelligence authorization bill to the floor. This amendment to the Intelligence Authorization bill deals with the all-important question of how the Department of Energy will be reorganized to ensure the theft of our nuclear secrets, as has occurred in the past, will be a question of the past and will not occur in the future.

As we heard earlier today, over the past several months, there have been a lot of sobering stories about how our Nation's security has been damaged by China's theft of America's most sensitive secrets—literally the crown jewels of our nuclear arsenal. In searching for a solution to this problem and examining how best to safeguard our Nation and its nuclear secrets, it has become clear the only way this can be accomplished is through a complete overhaul of how the Department of Energy is organized and how it is managed.

I think everyone can agree the system is broken. As the bipartisan Cox committee report pointed out, security and counterintelligence at U.S. nuclear facilities has been grossly deficient for many years, enabling China to steal classified information on all of the nuclear warheads currently deployed by the United States, as well as the neutron bomb, and a variety of other military know-how, including missile guidance and reentry vehicle technology.

This is incredibly important when a nation has been able to steal the secrets on how to build the most sophisticated weapons ever devised by mankind, those most sophisticated nuclear weapons in our arsenal.

When reports of the Chinese espionage at our nuclear labs became public earlier this year, President Clinton asked his Foreign Intelligence Advisory Board, led by former Senator Warren Rudman, to investigate the cause of these terrible security breaches. Over the course of several weeks, the Presidential panel reviewed more than 700 reports and studies, thousands of pages of classified and unclassified documents, conducted interviews with scores of senior Federal officials, and visited the Department of Energy sites at the heart of the inquiry.

At the end of this exhaustive investigation, the panel concluded that the root cause of the Energy Department's dismal security and counterintelligence report was ''organizational disarray, managerial neglect, and a culture of arrogance . . . [which] conspired to create an espionage scandal waiting to happen.''

The Presidential board went on to note that the Department of Energy (DOE) ''represents the best of America's scientific talent and achievement, but it has also been responsible for the worst security record on secrecy that the members of this panel have ever encountered.''

Senator Rudman and his colleagues pulled no punches in describing the problems that exist at DOE or in prescribing bold solutions stating,

> Reorganization [of DOE] is clearly warranted to resolve the many specific problems with security and counterintelligence in the weapons laboratories, but also to address the lack of accountability that has become endemic throughout the entire Department.

The Rudman report noted that,

> The Department of Energy is a dysfunctional bureaucracy that has proven it is incapable to reforming itself. Accountability at DOE has been spread so thinly and erratically that it is now almost impossible to find. The long traditional and effective method of entrenched DOE and lab bureaucrats is to defeat security reform initiatives by waiting them out.

That is from the Rudman report.

I ask that our colleagues keep that in mind when they consider amendments that may be offered a little bit later to this amendment—amendments that people at the Department of Energy would very much like to see passed because it would leave them in control, the very situation that the Rudman report notes is unacceptable and must be changed.

Furthermore, the authors of the Rudman report go on to say,

> We are stunned by the huge numbers of DOE employees involved in overseeing a weapons lab contract. We repeatedly heard from officials at various levels of DOE and the weapons labs how this convoluted and bloated management structure has constantly transmitted confusing and often contradictory mandates to the labs.

Although Energy Secretary Richardson has announced several new initiatives to change management and procedures at DOE, the Presidential panel's report states, ''we seriously doubt that his initiatives will achieve lasting success,'' and notes, ''moreover, the Richardson initiatives simply do not go far enough.''

In their report, the Presidential board also described the record of problems with implementing organizational changes ordered by previous Energy Secretaries and Deputy Secretaries, since the entrenched bureaucracy has often reverted to its old tricks once these people left. For example, the report notes that in 1990, then-Secretary Watkins ordered a new series of initiatives on safeguards and security to be implemented. According to the Rudman panel, once Secretary Watkins left two years later, ''the initiatives all but evaporated.'' And furthermore, the panel's report notes, ''Deputy Secretary Charles Curtis in late 1996 investigated clear indications of serious security and counterintelligence problems and drew up a list of initiatives in response. Those initiatives were also dropped after he left office.''

It is because of these problems that the Presidential panel recommended that Congress act to reorganize the Department by statute, so that the bureaucracy could not simple wait out another Secretary of Energy. Senator DOMENICI, Senator MURKOWSKI, and I have written legislation to implement the group's recommendations. Our proposal would gather all of the parts of our nation's nuclear weapons research, development, and production programs under one semi-autonomous agency within the Energy Department.

We need to create a specific separate organizational structure for the weapons programs at DOE, managed by one person who reports only to the Secretary of Energy. And furthermore, we need to separate the nuclear weapons programs at DOE from the rest of the Department that is responsible for energy conservation and environmental management issues. As the Rudman report concluded, semi-autonomous agency, created by statute, is the only way we are going to solve the problems with DOE's management of the nuclear weapons complex.

Before explaining the details of this amendment, let me first mention that while the Cox Committee and the President's Foreign Intelligence Advisory Board, led by Senator Rudman, have done a great service to the nation by producing high quality reports with excellent recommendations, they are by no means the first people to recommend such changes. Over the past 20 years, at least 29 GAO reports, 61 internal DOE studies, and more than a dozen reports by outside commissions have called for restructuring how the Department is managed. Let us not wait until another forest is consumed to print more studies before we act to correct the serious management problems at DOE.

Mr. REID. Mr. President, may I interrupt to make a unanimous consent request.

PRIVILEGE OF THE FLOOR

Mr. President, I ask unanimous consent that Robert Perret, a fellow in my office, be entitled to floor privileges during the pendency of this amendment.

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

Mr. REID. I apologize to my friend.

Mr. KYL. I am happy to comply.

Mr. President, the point of referring to these 29 GAO reports, 61 internal DOE studies, and more than a dozen reports by outside commissions over the past 20 years is to make the point that now is the time for us to move forward and not to await important studies, and not to await more discussions about how this ought to be done. We have enough evidence of what needs to be done. It is now time to get on with the serious subject of fixing this broken management structure at DOE.

Here is the summary of the amendment.

This amendment would create a semi-autonomous agency within DOE

called the Agency for Nuclear Stewardship.

The Agency will be headed by an Under Secretary who ''shall report solely and directly to the Secretary and shall be subject to the supervision and direction of the Secretary.''

Let me digress for a moment to make this point.

There are some who would put additional layers of bureaucracy between the Secretary and this Agency for Nuclear Stewardship. That would be a grave mistake. As the Rudman report itself notes, the point is to streamline this agency's responsibility, starting with the Secretary at the top and everyone else reporting to the Deputy Secretary who reports strictly to the Secretary of Energy. If you insert other management layers, you are only getting back to the same kind of problem that the Rudman report has criticized in the past.

The Under Secretary for Nuclear Stewardship will have authority over all programs at DOE related to ''nuclear weapons, non-proliferation and fissile material disposition.''

The agency's semi-autonomy (as recommended by the Rudman report) is created by making all employees of the agency accountable to the Secretary and Under Secretary of Energy but not to other officials at DOE outside the Agency.

The language reads:

All personnel of the Agency for Nuclear Stewardship, in carrying out any function of the Agency, shall be responsible to, and subject to the supervision and direction of, the Secretary and the Under Secretary for Nuclear Stewardship or his designee within the Agency, and shall not be responsible to, or subject to the supervision or direction of, any other officer, employee, or agent of any other part of the Department.

The Secretary, however, ''may direct other officials of the Department who are not within the Agency for Nuclear Stewardship to review the Agency's programs and to make recommendations to the Secretary regarding the administration of such programs, including consistency with other similar programs and activities in the Department.''

There is another proposed amendment which we will get to later which suggests that all of the programs and activities of this special new autonomous agency are to act in ways consistent with all other departmental rules and regulations promulgated for all of the other departments within the Department of Energy.

That would be a big mistake and get right back to the problem that the Rudman commission noted; that is, that this is a special, unique entity, and that you cannot have everybody else within the Department of Energy controlling what goes on within this particular group.

The Under Secretary for Nuclear Stewardship will have 3 Deputy Directors, who will manage programs in the following areas:

No. 1. Defense Programs. The national lab directors and heads of weapons production and test sites will report directly to this person, who will be responsible for managing the programs necessary to maintain the safety and reliability of our nuclear stockpile.

No. 2. Nonproliferation and fissile materials disposition. This person would manage the Energy Department's efforts to help Russia and other states of the former Soviet Union secure their nuclear weapons and fissile material, as well as plan for how to dispose of dozens of tons of excess plutonium in the United States and Russia; and

No. 3. Naval Reactors. This highly successful program which designs, constructs, operates, and disposes of the nuclear reactors used in the U.S. Navy's fleet will continue to operate as it does today, except the Admiral in charge will now report to the Under Secretary for Nuclear Stewardship as well as the Secretary of Energy.

As recommended by the Rudman panel, under our amendment, the Under Secretary for Nuclear Stewardship will appoint Chiefs of Counterintelligence, Security, and Intelligence.

The Chief of Counterintelligence will develop and implement the Agency's programs to prevent the disclosure of loss of classified information and be responsible for personnel assurance programs, like background checks.

The Chief of Security will be responsible for the development and implementation of programs for the protection, control, and accounting of fissile material, and for the physical and cyber-security of all sites in the Agency.

And the Chief of Intelligence will manage the Agency's programs for the analysis of foreign nuclear weapons programs.

These 3 chiefs will report to the Under Secretary and shall have statutorily provided ''direct access to the Secretary and all other senior officials of the Department and its contractors'' concerning these matters.

The amendment calls on the Under Secretary for Nuclear Stewardship to report annually through the Secretary to Congress regarding:

No. 1. The adequacy of DOE procedures and policies for protecting national security information.

No. 2. Whether each DOE national laboratory and nuclear weapons production and test site is in full compliance with all Departmental security requirements, and if not what measures are being taken to bring a lab into compliance; and

No. 3. A description of the number and type of violations of security and counterintelligence laws and requirements at DOE nuclear weapons facilities.

Furthermore, the amendment calls for the Under Secretary to keep the Secretary and the Congress fully and currently informed about any potentially significant threat to, or loss of, national security information.

The amendment would require every employee of DOE, the national labs, or associated contractors to alert the Under Secretary whenever they believe there is a problem, abuse or violation of the law relating to the management of national security information.

And, in order to address concerns that DOE officials were blocked from notifying Congress of security and counterintelligence breaches, the amendment contains a provision stating that ''no officer or employee of the Department of Energy or any other Federal agency or department may delay, deny, obstruct, or otherwise interfere with the preparation'' of these reports to Congress.

Mr. President, the Senate should act with urgency to correct the serious problems that exist at our nuclear facilities to halt the flow of our precious nuclear secrets to countries like China.

Our amendment is a sound approach to rectifying the systematic problems that have been identified and that exist today, and I am disappointed that Secretary Richardson has not yet embraced the proposal we have submitted. Since as recently as April of 1999, the Secretary of Energy's own Management Review Report stated:

Significant problems exist [in DOE] in that roles and responsibilities are unclear; lines of authority and accountability are not well understood or followed; the distinction between headquarters, line and staff functions is unclear, and each is operating with autonomy.

Statistics support this view. According to the GAO, from 1980 to 1996, DOE terminated 9 of 18 major defense program projects after spending $1.9 billion and completed only two projects: One behind schedule and overbudget, with the other behind schedule and underbudget. Schedule slippages and cost overruns occurred on many of the remaining seven projects ongoing in 1996.

Finally, I note that management problems cannot be divorced from security concerns. As the GAO noted in testimony to the House, continuing management problems at DOE were ''key factors contributing to security problems at the laboratories'' and a ''major reason why DOE has been unable to develop long-term solutions to recurring problems reported by the advisory groups.''

The amendment we offer enjoys broad bipartisan support. In addition to Senator DOMENICI who chairs the Energy and Water Appropriations Subcommittee, and Senator MURKOWSKI who chairs the Energy Committee, it is cosponsored by the chairman and vice chairman of the Intelligence Committee, Senators SHELBY and KERREY;

the chairman of the Armed Services Committee and its Subcommittee on Strategic Forces, Senators WARNER and SMITH; chairman of the Governmental Affairs Committee, Senator THOMPSON; chairman of the Foreign Relations Committee, Senator HELMS; former chairman of the Intelligence Committee, Senator SPECTER; as well as Senator FEINSTEIN, Senator HUTCHINSON, Senator GREGG, Senator BUNNING, Senator FITZGERALD, and the distinguished majority leader, Senator LOTT.

We cannot delay the implementation of important security and counterintelligence upgrades at our nuclear labs and facilities. Great harm to our Nation's security has already been done, and if we want to prevent further damage, we must act to reform the way we manage our nuclear weapons programs and facilities to create accountability and responsibility. Our most fundamental duty as Senators is to protect the security and the safety of the American people. They deserve no less than our best in this regard. I urge my colleagues to act now to halt the hemorrhage of America's nuclear secrets and to support the adoption of this important amendment.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I thank the distinguished Senator from Arizona. He is persistent with this legislation. I appreciate very much his interest in the beginning in trying to do something about, as he knows, what many people have previously said needs to be done.

The distinguished Senator from Virginia finally succeeded in getting a provision accepted by the administration in the national defense authorization bill having to do with an oversight committee appointed by the leadership, which I think will add a lot of value to our effort to make these labs produce good science and the best security as well.

I was asked the question, I say to my friend from Arizona, not long after our caucuses, which the Senator from Arizona might be interested in: Do you think the Republicans want an issue or do they want to get something done?

My view is, Senator KYL of Arizona, Senator MURKOWSKI of Alaska, and Senator DOMENICI of New Mexico want to get something done. It has been probably 20 years people have been calling to our attention the need to change the structure of this organization. It is basically a hodgepodge of various agencies that were combined in, I believe, 1978 or 1979—in the 1970's. Various agencies were combined into the Department of Energy. It is very important we seize this opportunity.

Senator Rudman said he did not know what happened exactly, but all of a sudden the focus is on it. A series of things have occurred that present us with an opportunity to change this law. The law needs to be changed. The law needs to be changed to restructure this agency to make it more likely that the United States of America and our interests are going to be safe and secure, and that we will continue to produce the high-quality science these laboratories are known throughout the world for producing.

I have very high praise for the Senator from Arizona. I appreciate very much his perseverance in this matter and his willingness to change his own bill to accommodate former Senator Rudman, the PFIAB's recommendations, and accommodate some of the concerns I had as well.

We are trying to write a law. I know Senator LEVIN and Senator BINGAMAN, Senator REID, and others, are going to offer some amendments. I say to my colleagues on the Democratic side, I believe, and I believe so strongly, that the Republicans do not desire an issue. They want to make real change.

It would have been real easy, in fact, to say: OK, we got 10 or 11 things on the defense authorization bill. You can say that is a success; why fight that battle. We have encryption to do. We have lots of other issues—all of us do—to take care of.

I am very impressed with the fact there is a determination to get a good piece of legislation that will improve the security of the United States of America and will enable us to stay in the high-quality science direction these laboratories produce. I hope the debate, which I am not sure is going to occur tonight—I understand we may not have any amendments offered to this bill until tomorrow. I hope I am wrong. It will be nice to have people offer these amendments and get them out of the way so we can move on to other business.

I hope the debate is engaged in the same high-level manner that we have negotiated the changes in this legislation. By high level, I mean, as I referenced earlier in praise of Chairman SHELBY, the only test that is important is: Does it make the United States of America more secure?

I believe the amendment of the Senator from Arizona does. I am pleased to be a cosponsor of it. I intend to vote for it, and I hope some of the changes being suggested can be accommodated, but most important, I hope we end this year changing the law and are able to look into the future 10 years from now and say the laboratories are producing the finest science and the highest level of security as well.

Mr. KYL. I ask the indulgence of the chairman for just a moment. I know he wants to proceed and make a brief comment or two. I want to comment on a couple of things the Senator from Nebraska just said.

First of all, I compliment him. He is vice chairman of the Intelligence Committee and probably one of the most productive members of the committee in doing the hard work of protecting our Nation's security, which most people will never know about.

For his constituents and others in America who are concerned about these things, they need to know it is the day-in-and-day-out work of the chairman of the committee, Senator SHELBY, and Senator KERREY from Nebraska who make this effort work.

Second, I compliment Senator KERREY for working on this legislation and agreeing to support it at a time when his party's administration was not yet supportive. Secretary Richardson did not agree to the concept of a semiautonomous agency until relatively recently. But Senator KERREY agreed this was the best approach to take, I think even before Senator Rudman came out with his report.

Coming out early and saying it is important to reorganize and to pay attention to the national security concerns at the Department of Energy was something he was willing to do early on in a bipartisan way. His conduct throughout this whole matter is exemplary and should offer guidance to all of us on any issue we face. Party aside, when there is a problem to be addressed, we get in and try to address it.

I assure Senator KERREY and others on the Democratic side this is not something the Republicans look to as an issue but rather as something to get done. I hope before we finish with the amendments, we can continue to work on them and try to get as much of a bipartisan coalition in support of the legislation as is possible because there is nothing partisan about national security and there is nothing partisan when it comes to espionage at our National Laboratories.

I thank the Senator from Nebraska for the comments he made, and I compliment both Senator KERREY and Senator SHELBY for the great job they have done.

Senator WARNER is on the floor. He has been stalwart in his support of our efforts, each day asking: What is new; we will stick with you; we know this has to be done. That kind of support is encouraging.

We can get this done. If we get it done quickly, it is good for the American people.

Mr. WARNER. Mr. President, I thank my distinguished colleague for his comments. I have worked along with the team, the principals. They were going to put the amendment on the armed services authorization bill. I thought at that point in time that an insufficient number of Senators had had an opportunity to acquaint themselves with the seriousness of this issue and that we should wait for the bill of our distinguished colleagues from Alabama and Nebraska. A number of Senators have now acquainted themselves

with those provisions. We have an impressive number of cosponsors, and I am privileged to be one.

I don't view this as any retribution against the President or the Secretary of Energy. It is something that simply has to be done with these institutions that are enormously valuable to the Nation and our national security. I use the word ''enormously'' because I can't think of another word that connotes a greater degree of importance to our country.

I went out a week ago yesterday and spent several hours at Los Alamos and then went on to the other laboratory. I must say, the impression I gained from talking with a fairly significant number of individuals, both at Sandia and Los Alamos, was that they are willing to work with this proposition as laid out in the Senator's amendment and make it work.

I have listened to those who have some questions. As a matter of fact, I made myself available to work with Senator LEVIN. We worked together on the Armed Services Committee. It is still not clear in my mind exactly what he hopes to achieve. It is my expectation we will address it tomorrow when the amendments come forward.

I know it is the right thing to be done in the interests of the country. I thank the distinguished chairman of the Intelligence Committee. Indeed, his committee has held 11 hearings. The Senate Armed Services Committee also has had several. One broke a record; it was 7 continuous hours of hearing. It convinced our membership we are behind it.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Alabama.

Mr. SHELBY. Mr. President, I also support the Kyl-Domenici-Murkowski amendment that is the pending business in the Senate.

I take just a minute to commend the Senator from Arizona, Senator KYL, and Senator DOMENICI and Senator MURKOWSKI for working together on this very important amendment. It is important for the restructuring of our labs following the Rudman recommendation and others.

Most Members know the horror stories that have been going on for years and years. This won't solve everything, but it will be a positive step in the right direction.

I also note my colleague from Nebraska, the vice chairman of the committee, Senator KERREY, and I both support this. That is unusual. We believe this is not a partisan issue. This is important for the Nation as far as national security is concerned. It is a step in the right direction. It is above politics, above party.

I mention again, as I did yesterday, the Rudman report, which was requested by the President of the United States, Bill Clinton, concluded that purely administrative reorganizational changes at the Department of Energy labs are inadequate, totally inadequate to the challenge at hand. He said:

> To ensure its long-term success, this new agency must be established by statute.

That is exactly what the amendment of Senators KYL, DOMENICI, and MURKOWSKI does.

As an indication of how badly the Department of Energy is broken, I only have to remind my colleagues it took over 100 studies of counterintelligence, security and management practices by the FBI, other intelligence agencies, the General Accounting Office, the Department of Energy itself and others, plus one enormous espionage scandal to create the impetus for change that is before the Senate this evening.

I think it is time for the Senate to act. I believe this is a good amendment. It is positive. It has been worked. I believe we will pass it.

Mr. President, I support the Kyl-Domenici-Murkowski amendment to restructure the Department of Energy.

I am a cosponsor of that amendment, as is the distinguished vice chairman of the Intelligence Committee, Senator KERREY.

By now, my colleagues are familiar with the findings of the Rudman report, entitled ''Science at its Best; Security at its Worst: A Report on Security Problems at the U.S. Department of Energy.'' But I think certain key conclusions are worth restating, because they underline the need for action.

The Rudman report found that:

> At the birth of DOE, the brilliant scientific breakthroughs of the nuclear weapons laboratories came with a troubling record of security administration. Twenty years later, virtually every one of its original problems persists. . . . Multiple chains of command and standards of performance negated accountability, resulting in pervasive inefficiency, confusion, and mistrust. . . .
>
> In response to these problems, the Department has been the subject of a nearly unbroken history of dire warnings and attempted but aborted reforms.

Building on the conclusions of the 1997 Institute for Defense Analyses report and the 1999 Chiles Commission, the Rudman panel concluded that:

> The Department of Energy is a dysfunctional bureaucracy that has proven it is incapable of reforming itself. . . . Reorganization is clearly warranted to resolve the many specific problems . . . in the weapons laboratories, but also to address the lack of accountability that has become endemic throughout the entire Department.
>
> The panel is convinced that real and lasting security and counterintelligence reform at the weapons labs is simply unworkable within DOE's current structure and culture. . . . To achieve the kind of protection that these sensitive labs must have, they and their functions must have their own autonomous operational structure free of all the other obligations imposed by DOE management.

To provide ''deep and lasting structural change that will give the weapons laboratories the accountability, clear lines of authority, and priority they deserve,'' the Rudman Report endorsed two possible solutions:

Creation of a wholly independent agency such as NASA to perform weapons research and nuclear stockpile management functions; or

Placing weapons research and nuclear stockpile management functions in a ''new semi-autonomous agency within DOE that has a clear mission, streamlined bureaucracy, and drastically simplified lines of authority and accountability.''

The latter option is the approach contained in the Kyl-Domenici-Murkowski amendment. The new semi-autonomous agency, the Agency for Nuclear Stewardship, will be a single agency, within the DOE, with responsibility for all activities of our nuclear weapons complex, including the National Laboratories—nuclear weapons, nonproliferation, and disposition of fissile materials.

This agency will be led by an Undersecretary. The Undersecretary will be in charge of and responsible for all aspects of the agency's work, will report—directly and solely—to the Secretary of Energy, and will be subject to the supervision and direction of the Secretary. The Secretary of Energy will retail full authority over all activities of this agency. Thus, for the first time, this critical function of our national government will have the clear chain of command that it requires.

As recommended by the Rudman report, the new agency will have its own senior officials responsible for counterintelligence and security matters within the agency. These officials will carry out the counterintelligence and security policies established by the Secretary and will report to the Undersecretary and have direct access to the Secretary. The Agency will have a Senior official responsible for the analysis and assessment of intelligence, who will also report to the Undersecretary and have direct access to the Secretary.

The Rudman report concluded that purely administrative re-organizational changes are inadequate to the challenge at hand: ''To ensure its long-term success, this new agency must be established by statute.''

For if the history of attempts to reform DOE underscores one thing, it is the ability of the DOE and the labs to hunker down and outwait and outlast Secretaries and other would-be agents of change—even Presidents.

For example, as documented by Senator Rudman and his colleagues, ''even after President Clinton issued Presidential Decision Directive 61 ordering that the Department make fundamental changes in security procedures, compliance by Department bureaucrats was grudging and belated.''

At the same time, we in the Senate should recognize that our work will not be done even after this amendment is adopted and enacted into law. As the Rudman report warned,

DOE cannot be fixed by a single legislative act: management must follow mandate. . . . Thus, both Congress and the Executive branch . . . should be prepared to monitor the progress of the Department's reforms for years to come.

Mr. President, it is an indication of how badly the Department of Energy is broken that it took over one hundred studies of counterintelligence, security and management practices—by the FBI and other intelligence agencies, the GAO, the DOE itself, and others, plus one enormous espionage scandal—to create the impetus for change.

Now is the time for the Senate to act.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DASCHLE. I will use some leader time allocated to me today to talk about another matter.

REFLECTIONS ON THE DEATH OF JOHN F. KENNEDY JR., CAROLYN BESSETTE KENNEDY AND LAUREN BESSETTE

Mr. DASCHLE. Like so many of us, I listened all weekend long to the news reports, and held onto hope long past the point when it was reasonable to do so.

I wanted so much for there to be a different ending—for John F. Kennedy Jr., his wife Carolyn, and her sister Lauren to somehow, miraculously, have survived. So like people all across our Nation, all across the world, I kept a vigil.

Then, Sunday night, the Coast Guard announced that the rescue mission had become a recovery mission.

Today, our thoughts and prayers are with the Kennedy and Bessette families. We pray that God will comfort them and help them bear this grief that must seem unbearable now. We offer our sympathies, as well, to the many friends of John Kennedy, Carolyn Bessette Kennedy and Lauren Bessette. They, too, have suffered a great loss.

I want my friend, Senator EDWARD KENNEDY, John's uncle, to know, as I have told him personally, we are praying for him.

Just last week, Senator KENNEDY stood on this floor and spoke about people who had died too young, and the heartbroken families they had left behind. He urged us to pass real patient protections so other families would not have to experience that same pain.

Today, once again, it is Senator KENNEDY's family, along with the Bessette family, who are experiencing the pain of death that comes far too soon.

More than a century ago, the great New England poet, Emily Dickinson, sent a letter to a friend who had lost someone very dear. ''When not inconvenient to your heart,'' she wrote, ''please remember us, and let us help you carry [your grief], if you grow tired.''

I know I speak for many of us when I say to Senator KENNEDY: Please—if there is any way—let us help you carry your grief, if you grow tired. You and your family have given our Nation so much. Let us—if we can—give something back to you.

All weekend, I watched the news. Over and over again, I saw that heartbreaking image of the little boy saluting his father's coffin. Then came the announcement that the little boy was gone, too. And just when I thought I finally understood the magnitude of the loss, I listened to the news again this morning, and I heard friends of John F. Kennedy, Jr. say they felt certain he would have run for public office one day—probably for a seat in the United States Senate.

I don't know if that is true. I do know that John F. Kennedy, Jr. believed deeply in public service. He believed what his father had said: ''to those whom much is given, much is required.'' If he had chosen to run for the Senate, I have no doubt he would have succeeded, and he would have been a great Senator.

I suspect we will regret for a long, long time what John Kennedy did not have time to give us. I hope we will also remember, and treasure, what he did have time to give us. Those moments of joy when he was a little boy playing in the Oval Office with his sister and father; his stunning example of courage when he said good-bye to his father.

I hope we will remember:

His kindness and surprising humility; his inventiveness, and his professional success; the good humor and amazing grace with which he accepted celebrity; the dignity with which he bore his sorrows; and the happiness he found in his life, particularly in his marriage.

Some years ago, another young man died too young. Alex Coffin, the son of Reverend William Sloane Coffin, was driving in a terrible storm when his car plunged into Boston Harbor and he drowned. He was 24 years old. Ten days later, William Sloane Coffin spoke about Alex's death to his parishioners at Riverside Church in New York City. I want to read a short section of his sermon, because I think it bears repeating today.

The one thing no one should ever say about Alex's death—or the death of any young person—is that it is God's will. ''No one,'' Reverend Coffin said, ''knows enough to say that . . . . God doesn't go around this world with his finger on triggers, his fist around knives, his hands on steering wheels. God is dead set against all unnatural deaths . . . . My own consolation lies in knowing that . . . when the waves closed over the sinking car, God's heart was the first of all our hearts to break.''

None of us knows why John Kennedy Jr., Carolyn Bessette Kennedy and Lauren Bessette were taken from us in the prime of their lives. We don't know why the Kennedy family has had to endure so much sorrow over so many years. Nor do we know why the Bessette family has to suffer such an incomprehensibly huge loss all at once. What we do know is that the hearts of the Kennedys and the Bessettes were not the only hearts that broke when the waves closed over that sinking plane last Friday night. We are all heartbroken by the deaths of three such remarkable young people.

Not long ago, I came across a book of poems by another man who also lost a young son. The man's name is David Ray. His son's name was Sam. Sam also died, at 19, also in a car accident. After Sam's death, his father wrote a whole series of poems to him, and about him. I'd like to read a very short one; it's called ''Another Trick of the Mind.''

Out of a book, a little trick—
Instead of the picture and much longing
for that lost face,
place yourself within the frame.
You are back together again, if only
in the past, or in the dream,
or this gilded picture in mind.
But it is no longer a dream, or a picture
of loss. And then you go on,
down the road you have to go, together.

In our memories, we all have a scrapbook full of images of John Kennedy, Jr. Perhaps in the days ahead, when the sadness creeps up on us, we can imagine—just for a moment—that John and Carolyn and Lauren are still with us. And we can go down the road we have to go, together. And maybe when we play that trick on ourselves, and our sadness lifts for that moment, we can remember how fortunate we were to have had them with us as long as we did.

I yield the floor.

Mr. MACK addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MACK. Mr. President, I rise to speak for just a moment to express my profound sympathy and condolences to our colleague and friend, Senator TED KENNEDY, and the members of the Kennedy family, and for the Bessette family, as well.

Although I know the pain of losing a loved one, I have little conception of the pain which Senator KENNEDY and his family are feeling with the multiple losses of family members at such early stages in their lives, and under such tragic conditions.

My heart is heavy with grief for the family, and my thoughts and prayers are with them. I can only pray that they realize and are comforted in some small manner by the love, affection, and support of the Members of this body, as well as people all across this nation, for whom the Kennedy family is a symbol of courage, achievement, and service to mankind.

Mr. WARNER. Mr. President, I wish to speak with regard to the feelings in my heart and in the hearts of my daughter Mary, my daughter Virginia, and my son John on behalf of the Kennedy family.

My daughter Mary was a member of the play group at the White House formed by the President and his lovely wife Jacqueline Kennedy for their daughter Caroline and, my recollection is, three or four others of the same age. They were perhaps among the most photographed young people in America at that time. Our family cherishes the pictures with Caroline and in some John-John was there. It was just a warm experience for these youngsters to start their life.

Jacqueline Kennedy was so gracious to all of us in our family. I had known Mrs. Kennedy when I was, my recollection is, in my early twenties, and we were in the same group of young people who mingled together at various events in those days. I remember the absolute startling beauty of that magnificent woman. We remained friends throughout her life. She and the President briefly had a farm in Virginia which abutted on the farm that my then-wife Catherine and I had, and I frequently saw her at sporting events.

The families were intertwined at a very young age. Previously, at the University of Virginia Law School, while my period at that school was interrupted by service in the Marines during the Korean war, Bobby Kennedy was there, and we overlapped for a period of time. I remember participating in some of the touch football games and getting my first insight into that extraordinary family.

My daughter Virginia knew John-John quite well. In past years, prior to marriage, they were in the same group that often attended events together.

This has left a very deep and sad feeling in the hearts of my children, and I know they would want their deepest sympathy conveyed to the members of the family. I do that tonight, being privileged to be on the floor of the Senate and talking about this most distinguished family.

I met President Kennedy on several occasions. I knew him, as a matter of fact, when he was a Senator. I remember very well one night going to a television studio with him and some other people. I cannot recall exactly what the show was, but that night, for various reasons, is tucked away in my memory.

Then, of course, in the campaign of 1960, I was the advance man for President Nixon; and Bobby Kennedy was the advance man for his brother. We had frequent but always pleasant and cordial meetings on the campaign trail of 1960.

But the main purpose of my taking the floor is to express, on behalf of my children, our profound sorrow for this tragic event, and how we are all deprived of what I think in our hearts we believe would have been a great future for this young man, had the Lord seen fit to have him remain with us. He was destined to go on to greatness, and we, as a nation, have been deprived. But we accept the Lord's will in this case.

All that could be done was done, primarily by the Coast Guard, the Navy, the National Transportation Safety Board, and others. I think they are worthy of commendation for their services.

To our distinguished colleague, Senator KENNEDY, I know, having spoken with him, he was looking forward to this wedding. So often this family has come together in hours of tragedy, but this wedding was to be an hour of pure joy. He looked forward to it with expectation. But now, of course, that has to be postponed, I hope for a brief period.

But I remember how hard the Senator worked on the Patients' Bill of Rights. I voted against him on every vote except one, and that has often been the case in my 21 years in the Senate serving with my friend. And we have had many opportunities to work together on various things. He is a member of the Senate Armed Services Committee, of which I am privileged to be chairman. When I was ranking member on the Seapower Subcommittee, he was chairman; and then for a brief period, when I was chairman of the Seapower Subcommittee, he was ranking member.

But I remember how hard he worked last week. His heart was in that bill regarding the health of the citizens of our Nation. It was just another chapter in his long and distinguished career in the Senate.

I believe on both sides of the aisle he is regarded as one of the hardest working, most conscientious Members of the Senate. We have nothing but profound respect for him and the manner in which he, as one of the heads of this distinguished family, has worked to bring this family once again to the realization of a loss that they must accept.

Mr. President, we conclude today's proceedings by several of us speaking on this. We do so from the heart and convey our prayers and sympathy to this family.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. I thank the Chair.

I join in the expressions of my colleagues in expressing my profound sadness and regret at the fate that has befallen our colleague and members of his and the Bessette family.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—Continued

Mr. THOMPSON. Mr. President, I will also make some comments about the reorganization of the Department of Energy with regard to its nuclear activities.

I heard my colleagues speaking earlier on this subject. I think it is one of those great times in the Senate where Members from both sides of the aisle can come together and try to get something done for the benefit of the country and for the benefit of our safety in a troubled world. It is a historic opportunity.

Perhaps to lend a little bit of a different perspective or additional perspective, I should say, with regard to some of the work we do in the Governmental Affairs Committee, it has to do generally with the operation of Government. We continually face instances where the Government is not performing the way it should. The taxpayers are not getting their money's worth. We continually see instances of waste, fraud, and abuse. We have what is known as the high risk list; that is, those Departments and agencies which are most prone to waste, fraud, and abuse. We see the same agencies year in and year out. We have reports year in and year out about these kinds of problems. It is affecting the way our people look at their own Government, which I think is probably the most important underlying problem that we have in this country. This lack of faith and trust in Government has become a recurring theme in recent nonpartisan and bipartisan surveys of public opinion toward Government. This trend is definitely in the wrong direction.

A poll released by the Counsel for Excellence in Government last week found that just 29 percent of Americans say that they trust the Government in Washington to do what's right most of the time. This is down even from last year's poll, which found only a 38 percent level of trust. The National Academy of Public Administration recently released a national election study poll this June that pegged the percentage of Americans who trust Government at a meager 32 percent. According to the Pew Research Center for the People and the Press, it is poor Government performance that is the leading indicator, the leading factor, in Americans' distrust of the Federal Government. An overwhelming majority of the public—74 percent—say that the Government does only a fair or poor job in managing its programs and providing services. The National Academy of Public

Administration reports that survey respondents complain about Government failures, stating that Government becomes part of the problem, is too big, serving others, doing nothing, and wasting money. So we have seen that over a period of years.

Time and time and again, we have had reports bringing this to our attention. All too often, we wind up talking about it and doing very little about it. But now we find that we are faced with a different kind of lack of performance as far as our Government is concerned. Maybe we can afford certain breakdowns. Maybe we can afford certain fraud, inefficiencies, and waste, but we are facing a different kind now, and that has to do with our national security. Time and time again, we see instances where the right hand within a department does not know what the left hand is doing.

We recently received the inspector general's report from the Department of Justice which demonstrated that we on the Governmental Affairs Committee did not receive evidence and did not receive materials showing people with strong ties to the Chinese government at the same time they were making political contributions in this country. Six inspectors general gave us a report recently regarding how our export control system was working. We found out that it is not working very well at all. We don't know very much, sometimes, about who is doing the exporting. We don't know much about who the end users are and what they are doing with these dual-use technologies we are sending them, some of which can be used for military purposes. The law requires that we train our licensing officers. But we are not following that law. We have no training programs with regard to our licensing officers. We are supposed to be checking up on our foreign visitors there and making sure that when they visit the labs, they are not coming away with information that they should not be having. We are not doing a good job there.

The law requires that we keep up with the cumulative effect of the exports we are sending to these other countries, but we are not doing that either. We found out recently that, with regard to trying to get materials regarding someone who is a suspect, actual espionage activities broke down interdepartmentally between the Department of Energy and the Department of Justice because of a lack of communication. We were trying to get a search warrant there; it never came about. If we had the correct information and had been really talking to each other and had a system whereby we could exchange information after asking the right questions, we would not even have needed that search warrant. These are all instances where the Government is not performing in the way the Government should be performing. And now we see a systematic breakdown with regard to the security at our national laboratories.

This is bad enough in and of itself at any time. But I think it is especially disturbing now that we understand more and more that we are living in a different world than we have been living in in times past. I think that after the end of the Cold War, when we didn't have the big Soviet Union threat anymore, we let our guard down in this country. We thought that we could place less emphasis on preparedness, readiness, national security, and things of that nature. The Chinese were in no position to pose a direct threat to us, and we felt the Soviet Union certainly was not. Yet as we look around the world, we see that new threats are developing. We got the Rumsfeld report, and we understand now that rogue nations around this world are rapidly developing biological, nuclear, and chemical capabilities that pose a threat to this country. Then we have the Cox report, which tells us what we have lost with regard to our own national laboratories, in terms of nuclear technology and perhaps even nuclear materials. The President's own Federal foreign intelligence advisory committee, led by Senator Rudman, now points out the difficulties that we are having in that regard.

It is a different world. So we must ask ourselves: If not now, when? If we can't, at long last, after all these reports—and Senator Rudman pointed out that there had been over a hundred reports over the years pointing out the problems that we were having at our national labs. Yet very little was done. So it takes a tremendous amount. We have seen in these nonmilitary matters, non-national security matters, how difficult it is. The Government has gotten too big and complex, with layer upon layer of assistants and deputy assistants in these departments, and we are having less and less accountability and more and more complexity, more and more of the right hand not knowing what the left hand is doing.

So now, at long last, when we have someone, such as the President's own commission, report to us that within the Department of Energy there is no accountability, that it is dysfunctional, that it is saturated with cynicism and disregard for authority, that it is incapable of reforming itself, that it will do whatever is necessary, apparently, to delay reform, certainly this must get our attention.

I believe from listening to my colleagues and the way this thing is developing, perhaps maybe at long last our attention has been gotten. And what is being proposed now in terms of reorganization is a very straightforward approach. It is not nearly as radical as some people would like to go. Many people would like to take matters of nuclear safety, our laboratories and nuclear materials totally outside the Department of Energy and set up a totally different entity to deal with them. This bill doesn't do that. It keeps it within the Department of Energy. The Secretary of Energy continues to set the policy for the department. And the newly created Under Secretary for Nuclear Stewardship reports to the Secretary and is under the supervision of the Secretary. So you still have direct lines of reporting. You have more accountability. You have a simplified reporting system. You would not have any more of this Rube Goldberg-type of organization chart that we see within the Department of Energy, under which you could not tell who is responsible for what.

At long last, as difficult as it is to reform Government, as difficult as it is to stop waste, fraud, and abuse, when we are told about it every year, told about it all the time, now that we know we have this significant problem with regard to the most significant matter that can plague a country, dealing with national security, surely we can take the necessary steps in order to turn this thing around.

I know there will be amendments proposed. I have never seen a piece of legislation that perhaps could not stand a bit of improvement. I do not really know the thrust of the amendments that will be proposed. But I urge my colleagues that, as we go along in considering these amendments, ask the question: Does this enhance or does this defuse accountability?

We need accountability more and more throughout Government. We can very seldom place responsibility anywhere anymore for mishaps in Government. But here we must have it. We certainly must have it with regard to the Department of Energy and our nuclear stewardship. I am delighted with the way this has progressed. The changes are not a draconian, and it is a revolutionary approach. It is an approach that will enhance accountability. It gives us an opportunity not only to do something with regard to national security in this country but perhaps to take some first steps toward restoring the American public's faith in their own Government.

I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I ask unanimous consent that the pending Kyl amendment be temporarily set aside.

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

AMENDMENT NO. 1259

(Purpose: To block assets of narcotics traffickers who pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. Coverdell], for himself, Mrs. FEINSTEIN, Mr. DEWINE, Mr. HELMS, Mr. LOTT, Mr. TORRICELLI, Mr. CRAIG, Mr. GRAHAM, and Mr. REID, proposes an amendment numbered 1259.

Mr. COVERDELL. 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:

At the end of the bill, add the following new title:

TITLE____—BLOCKING ASSETS OF MAJOR NARCOTICS TRAFFICKERS

SEC. __01. FINDING AND POLICY.

(a) FINDING.—Congress makes the following findings:

(1) Presidential Decision Directive 42, issued on October 21, 1995, ordered agencies of the executive branch of the United States Government to, inter alia, increase the priority and resources devoted to the direct and immediate threat international crime presents to national security, work more closely with other governments to develop a global response to this threat, and use aggressively and creatively all legal means available to combat international crime.

(2) Executive Order No. 12978 of October 21, 1995, provides for the use of the authorities in the International Emergency Economic Powers Act (IEEPA) to target and sanction four specially designated narcotics traffickers and their organizations which operate from Colombia.

(b) POLICY.—It should be the policy of the United States to impose economic and other financial sanctions against foreign international narcotics traffickers and their organizations worldwide.

SEC. __02. PURPOSE.

The purpose of this title is to provide for the use of the authorities in the International Emergency Economic Powers Act to sanction additional specially designated narcotics traffickers operating worldwide.

SEC. __03. DESIGNATION OF CERTAIN FOREIGN INTERNATIONAL NARCOTICS TRAFFICKERS.

(a) PREPARATION OF LIST OF NAMES.—Not later than January 1, 2000 and not later than January 1 of each year thereafter, the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, shall transmit to the President and to the Director of the Office of National Drug Control Policy a list of those individuals who play a significant role in international narcotics trafficking as of that date.

(b) EXCLUSION OF CERTAIN PERSONS FROM LIST.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, the list described in subsection (a) shall not include the name of any individual if the Director of Central Intelligence determines that the disclosure of that person's role in international narcotics trafficking could compromise United States intelligence sources or methods. The Director of Central Intelligence shall advise the President when a determination is made to withhold an individual's identity under this subsection.

(2) REPORTS.—In each case in which the Director of Central Intelligence has made a determination under paragraph (1), the President shall submit a report in classified form to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Represent setting forth the reasons for the determination.

(d) DESIGNATION OF INDIVIDUALS AS THREATS TO THE UNITED STATES.—The President shall determine not later than March 1 of each year whether or not to designate persons on the list transmitted to the President that year as persons constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The President shall notify the Secretary of the Treasury of any person designated under this subsection. If the President determines not to designate any person on such list as such a threat, the President shall submit a report to Congress setting forth the reasons therefore.

(e) CHANGES IN DESIGNATIONS OF INDIVIDUALS.—

(1) ADDITIONAL INDIVIDUALS DESIGNATED.—If at any time after March 1 of a year, but prior to January 1 of the following year, the President determines that a person is playing a significant role in international narcotics trafficking and has not been designated under subsection (d) as a person constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the President may so designate the person. The President shall notify the Secretary of the Treasury of any person designated under this paragraph.

(2) REMOVAL OF DESIGNATIONS OF INDIVIDUALS.—Whenever the President determines that a person designated under subsection (d) or paragraph (1) of this subsection no longer poses an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the person shall no longer be considered as designated under that subsection.

(f) REFERENCES.—Any person designated under subsection (d) or (e) may be referred to in this Act as a ''specially designated narcotics trafficker''.

SEC. ___04. BLOCKING ASSETS.

(a) FINDING.—Congress finds that a national emergency exists with respect to any individual who is a specially designated narcotics trafficker.

(b) BLOCKING OF ASSETS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the date of designation of a person as a specially designated narcotics trafficker, there are hereby blocked all property and interests in property that are, or after that date come, within the United States, or that are, or after that date come, within the possession or control of any United States person, of—

(1) any specially designated narcotics trafficker;

(2) any person who materially and knowingly assists in, provides financial or technological support for, or provides goods or services in support of, the narcotics trafficking activities of a specially designated narcotics trafficker; and

(3) any person determined by the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, to be owned or controlled by, or to act for or on behalf of, a specially designated narcotics trafficker.

(c) PROHIBITED ACTS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act or in any regulation, order, directive, or license that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, the following acts are prohibited:

(1) Any transaction or dealing by a United States person, or within the United States, in property or interests in property of any specially designated narcotics trafficker.

(2) Any transaction or dealing by a United States person, or within the United States, that evades or avoids, has the purpose of evading or avoiding, or attempts to violate, subsection (b).

(d) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES NOT AFFECTED.—Nothing in this section is intended to prohibit or otherwise limit the authorized law enforcement or intelligence activities of the United States, or the law enforcement activities of any State or subdivision thereof.

(e) IMPLEMENTATION.—The Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, is authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by the International Emergency Economic Powers Act as may be necessary to carry out this section. The Secretary of the Treasury may redelegate any of these functions to any other officer or agency of the United States Government. Each agency of the United States shall take all appropriate measures within its authority to carry out this section.

(f) ENFORCEMENT.—Violations of licenses, orders, or regulations under this Act shall be subject to the same civil or criminal penalties as are provided by section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) for violations of licenses, orders, and regulations under that Act.

(g) DEFINITIONS.—In this section:

(1) ENTITY.—The term ''entity'' means a partnership, association, corporation, or other organization, group or subgroup.

(2) NARCOTICS TRAFFICKING.—The term ''narcotics trafficking'' means any activity undertaken illicitly to cultivate, produce, manufacture, distribute, sell, finance, or transport, or otherwise assist, abet, conspire, or collude with others in illicit activities relating to, narcotic drugs, including, but not limited to, heroin, methamphetamine and cocaine.

(3) PERSON.—The term ''person'' means an individual or entity.

(4) UNITED STATES PERSON.—The term ''United States person'' means any United States citizen or national, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

SEC. ___05. DENIAL OF VISAS TO AND INADMISSIBILITY OF SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS.

(a) PROHIBITION.—The Secretary of State shall deny a visa to, and the Attorney General may not admit to the United States—

(1) any specially designated narcotics trafficker; or

(2) any alien who the consular officer or the Attorney General knows or has reason to believe—

(A) is a spouse or minor child of a specially designated narcotics trafficker; or

(B) is a person described in paragraph (2) or (3) of section __04(b).

(b) EXCEPTIONS.—Subsection (a) shall not apply—

(1) where the Secretary of State finds, on a case-by-case basis, that the entry into the United States of the person is necessary for medical reasons;

(2) upon the request of the Attorney General, Director of Central Intelligence, Secretary of the Treasury, or the Secretary of Defense; or

(3) for purposes of the prosecution of a specially designated narcotics trafficker.

Mr. COVERDELL. Mr. President, I ask for 20 minutes to be equally divided between myself and Senator FEINSTEIN.

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

Mr. COVERDELL. Mr. President, the amendment just sent to the desk, it is my understanding, has now been agreed to by both sides, which Senator FEINSTEIN and I are most happy about.

This piece of legislation evolved earlier in the year. Senator FEINSTEIN will speak for herself, but she and I have been engaged in the issue of narcotics trafficking in our hemisphere and in the world and have become deeply worried about its effect on the United States and have envisioned this as a new tool for our Government.

To give you a bit of a background, the International Emergency Economic Powers Act is a follow on to the former Trading With The Enemy Act. Its purpose is to stop all economic activity, commerce, trade, and finance with rogue nations, such as Libya and North Korea, that are national security threats to the United States.

In 1995, President Clinton expanded this act through an executive order to include specially designated narcotics traffickers. As issued, the President's executive order applies to four drug traffickers affiliated with the Colombian Cali cartel. The goal was and remains to completely isolate the targeted drug traffickers. The executive order that the President issued in 1995 blocks any financial, commercial and/or business dealings with any entity associated with the four named drug traffickers, to include criminal associates, associated family members, related businesses and financial accounts.

What would this amendment accomplish? It takes the President's 1995 Executive order and codifies it in the law and expands it to include other foreign narcotic traffickers deemed as a threat to our national security.

It freezes the assets of drug traffickers under U.S. jurisdiction and cuts off their ability to do business in the United States.

There is the arrow pointed at the problem. It begins to isolate these nefarious forces and their effect on the United States.

As under the President's Executive order, the Treasury Department's Office of Foreign Assets Control would develop a list of specially designated narcotics traffickers in consultation with the Department of Justice and the Department of State. Anyone who appears on the list is prohibited from conducting any economic activity with the United States.

American firms or individuals who violate this prohibition will be subject to significant financial penalty and potential prison terms. The Treasury Office of Foreign Assets would enforce the sanctions, which carry criminal penalties of up to $500,000 per violation for corporations, and $250,000 for individuals, as well as up to 10 years in prison.

The goal is to provide another weapon in the war on drugs by completely isolating targeted drug traffickers.

Taking legitimate U.S. dollars out of drug dealers' pockets is a vital step in destroying their ability to traffic narcotics across our borders. This is a bold but necessary tool to fight the war on drugs.

Let me say before I turn to the distinguished Senator from California, as early as 1 hour ago I was in communication with representatives of the Treasury Department and the administration of a willingness to continue as this legislation works its way through the Congress to work with them to perfect the legislation. It is an important new tool. It is premised on an action this President has already emboldened and taken and simply expands it.

We must confront the growing strength of impunity of drug cartels. Several months ago former DEA Administrator, Tom Constantine, testified about Mexican drug cartels. He said:

> Organized crime groups from Mexico continue to pose a grave threat to the citizens of the United States. In my lifetime, I have never witnessed any group of criminals who have had such a terrible impact on so many individuals and communities in our Nation.

Of course, this is not Mexico-specific. This is a broad tool to deal with narcotics and their activities anywhere in the world. With drugs continuing to pour across our border, there is no other way to think about drug trafficking than as a fundamental threat to our national security.

Several years ago, in a meeting with the President of Mexico, President Zedillo, he said—and he has said such publicly since—that there is no threat as dangerous to the security of the Republic of Mexico as the narcotics traffickers.

We must use every weapon in our arsenal to strike at the heart of this scourge—those who traffic these drugs. By expanding the use of the President's international emergency economic powers to target drug kingpins and their empires, we can work year-round to help drive these traffickers out of business—no matter where they exist.

I thank my colleague, the Senator from California, not only for her work in perfecting this amendment but for her ongoing work and concern about the effects of narcotics on the stability of the democracies in this hemisphere, and, of course, its effect—its dramatic effect—on the citizens of the United States.

I am reminded—as we talked during several debates about things that are so critically important to us—and we might be reminded that 14,000 people a year die of the narcotic impact, not to mention 100,000 crack babies. The list goes on and on.

There is no segment of public policy that is any more important. There are some that are as important but none any more important with regard to the safety of the people of the United States—and, for that matter, this hemisphere—than our work on narcotics and the peripheral issues that deal with it.

I yield the remainder of my time to the Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I thank the Chair.

I want to begin by thanking the Senator from Georgia. We have been at this for a few years now. I want him to know it has been a great pleasure for me to work with him, and I thank him for the leadership and the spirit he has shown on this issue.

It has been very heartening for me to work across that center divide and hopefully see this amendment finally enacted today, and hopefully after going to the House in conference, come back here, and then be signed by the President.

Mr. COVERDELL. I thank the Senator.

Mrs. FEINSTEIN. Mr. President, as the Senator from Georgia so well stated, this legislation is patterned after the President's Executive order that he issued in 1995 which targeted the assets of the powerful Colombian drug kingpins.

That order expanded the International Emergency Economic Powers Act to include ''specially designated narcotics traffickers.'' As issued, the President's Executive order applied to four drug traffickers affiliated with the Colombian Cali cartel. The goal is to completely isolate those targeted drug traffickers.

The Executive order blocks any financial, commercial, and/or business dealings with any entity associated

with those named traffickers—to include criminal associates, associated family members, related businesses, and financial accounts.

The way this amendment would work is the Treasury Department's Office of Foreign Assets Control would develop a list of specially designated narcotics traffickers worldwide in consultation with the Department of Justice, the CIA, and the Department of State.

The President could amend the list, and he would officially sign off on the list. Then that Treasury Department's Office of Foreign Assets Control would enforce sanctions with criminal penalties of up to $500,000 per violation for corporations, and $250,000 for individuals, as well as up to 10 years in prison.

It is a meaningful sanction.

By focusing on the financial relationship between drug cartels and their associated business relationships, the Executive order—and now this amendment—is directed toward those entities that created the drug problem in our country. And those entities can be located anywhere in the world. They are major drug traffickers.

This order has proven successful in quelling the Colombian Cali cartel. This amendment expands it worldwide. Under this Executive order, more than 400 Colombian and other companies and individuals affiliated with drug trafficking have been targeted by the Treasury Department. These entities are denied access to banking services in the United States and Colombia. Existing bank accounts have actually been shut down. As a result, more than 400 Colombian accounts have been closed. That has affected over 200 companies and individuals engaged in drug trafficking.

By February 1998, through the President's Executive order, over 40 of these companies with estimated combined annual sales of over $200 million have been forced out of business.

The Rodriguez Orejuela business of the Cali cartel has been particularly damaged by their lack of access to banks in the United States and Colombia. These companies have been forced to operate largely on a cash basis because most banks now refuse to provide them services.

One of the cartel's holdings, Laboratorios Kressfor, eventually went through liquidation because of blocking actions by the U.S. banks. Other business accounts were closed because of the sanctions it incurred as a result of doing business with drug traffickers. This company, too, is now in liquidation.

Drug cartels today are more powerful, more violent, and have a far greater reach than traditional organized crime organizations ever had in the past, and they kill more people.

I believe they pose a most significant threat to the national security of this country.

We have seen that destructive power over and over again. In Colombia, Mexico, Burma, Cambodia, Nigeria, and elsewhere drug traffickers have used violent means to pursue their deadly trade. They are the common enemy of all civilized nations. We need to work together to meet this common threat.

The United States is not immune from the devastating effects of global drug trade. Measured in dollar values, at least four-fifths of all illicit drugs consumed in the United States are of foreign origin. Four-fifths of drugs consumed in the United States are of foreign origin, including virtually all of the cocaine and heroin.

These cartels have now made strong inroads in major cities including Los Angeles, Phoenix, Dallas, San Francisco, and San Diego. They are enlisting and have enlisted street gangs as distributors. They are spreading their operations throughout our Nation and arrests are taking place in less likely places—Des Moines, IA; Greensboro, NC; Yakima, WA; New Rochelle, NY.

The President's 1995 Executive order targeting the Cali cartel in Colombia was an effective means of isolating the cartel and its affiliated businesses. It choked off vital revenue streams and helped the Colombian Government take down the cartel.

With the authority to reach countries beyond Colombia, the President can now work, if this amendment is passed, to isolate other major criminal drug syndicates around the world and impose upon them and their associates a similar fate to that of the Cali cartel. It is my hope that with a new emphasis on this expanded authority and with the concerted intelligence effort to develop sufficient data about the cartels and their associates in this country and abroad, the United States will be able to work with our allies to expose, isolate, and cut off the major drug-trafficking syndicates that pose a threat to all of our societies.

This crucial mission can only be accomplished together. We must work together to see that our governments are properly equipped to carry it out successfully. To that end, this amendment establishes clear procedures through which the Treasury Department, the Justice Department, the CIA, and the Defense Department can gather information, share that information with their counterparts, and make recommendations to the President as to those cartels that represent the greatest risk to our Nation.

Coordinated by the Office of Foreign Assets Control in the Department of Treasury, the expanded program will target new international drug cartels with the same successful financial choke holds that worked so well in Colombia. This will not be an easy process. The results will not be immediate. A great deal depends on intelligence and its availability. It also must be applied universally.

This legislation is a serious effort to hit the world's major traffickers where they live and to put them and their associates out of business.

I thank Senator COVERDELL for working so tirelessly with me on this bill. I thank my colleagues on both sides of the aisle for supporting our efforts.

I yield the floor.

The PRESIDING OFFICER. The chairman is recognized.

Mr. SHELBY. Mr. President, I will take a minute this evening to thank Senator COVERDELL and also Senator FEINSTEIN for having the foresight and initiative to expand and to improve upon what is already a highly successful weapon in our Nation's fight against international narcotics trafficking.

The International Emergency Economic Powers Act was expanded 4 years ago under Executive order to target specific drug trafficking kingpins operating from Colombia.

Our colleagues' legislation expands upon that Executive order by allowing similar actions to be taken against additional kingpins worldwide.

Any future designation of foreign narcotics traffickers under this act would still be made by the President, but recommendations to the President will now come from the entire U.S. counter-narcotics community, to include law enforcement, intelligence, and regulatory officials.

Once designated, those foreign drug kingpins would soon see their access to the U.S. economy completely disappear.

Without the ability to place illicitly derived proceeds into commerce and trade in the United States, these kingpins and their illicit organizations will wither and fade away.

Denying these foreign traffickers the opportunity to participate in the vibrant and growing U.S. economy is truly a decisive weapon in the war on drugs.

I again thank my colleagues for their fine work on this measure. I also state for the RECORD that I fully support and approve incorporating their measure into the Legislation Authorization Act which is before the Senate. I also state that my colleague, the vice chairman of the Intelligence Committee, Senator KERREY, has asked I note for the Senate that he also concurs in this amendment and extends his congratulations.

I urge adoption of this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1259) was agreed to.

Mr. SHELBY. I move to reconsider the vote.

Mrs. FEINSTEIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

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

MORNING BUSINESS

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators permitted to speak for brief periods.

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

CIVILITY AND DELIBERATION IN THE U.S. SENATE

Mr. BYRD. Mr. President, on July 16, the Robert J. Dole Institute for Public Service and Public Policy at the University of Kansas hosted a discussion of civility and deliberation in the United States Senate.

Long subjects of interest to me, I was heartened to learn of this event. In an age of media and money-driven politics, it is important to remember that what we Senators must truly strive to be about has little to do with either the media or money. Discussions such as this one remind us all of the essential nature of this body in which we are so privileged to serve, and of the responsibility each of us bears to help this great institution, the United States Senate, continue to reflect the Framers' intent.

I ask unanimous consent that the remarks of the Honorable Robert J. Dole, and the remarks of Mr. Harry C. McPherson, former Special Counsel to President Lyndon B. Johnson, be inserted in the RECORD at this point.

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

REMARKS OF SENATOR BOB DOLE—INTRODUCTION OF HARRY MCPHERSON, THE CAPITOL, JULY 16, 1999

Thanks very much for the kind introduction, and thanks to all of today's participants, many of them friends.

Harry Truman once remarked that he felt anything but comfortable as a newcomer to the Senate. Then, one day, a grizzled veteran of the institution took him aside and offered him the following sage advice: ''Harry,'' he said, ''for the first six months you'll wonder how the hell you ever got to be a United States Senator. After that, you'll wonder how in Hell everyone else did.''

I guess I'm still in the early stages when it comes to having my name on a school of public policy. A professor has been defined as someone who takes more words than he needs to tell more than he knows. Kind of reminds me of a filibustering senator. President Johnson, Harry's former boss and mentor, liked to tell of the long-winded Texas politician who never began any address without extolling at great length the beautiful piney woods of east Texas. Then he would move on to the bluebonnets and the broad plains, and down through the Hill Country to the White Beaches of the Gulf Coast.

At which point he went back to the piney woods and started in all over again. On one occasion he had just completed a second tour of the lone star state and he was about to launch into a third when a fellow rose up in back of the room and yelled out: ''The next time you pass Lubbock, how about letting me off?''

Let me assure you all: I have no intention of making more than one pass at Lubbock. As you know, it's customary to insert the word honorable in front of the names of public servants. Sometimes it's even appropriate. The next speaker is just such a case. In fact, he is one of the most honorable men I know. Harry and I came to Washington about the same time. As he writes in his classic memoir, ''A Political Education,'' it was the era of the one party South. Come to think of it, it was the era of the one party Senate as well.

Still, even if Harry and I spent most of our careers on the opposite sides of the political fence, there is much more that unites us than divides us. To begin with, neither one of us have ever confused personal civility with the surrender of principle. One way or another, our generation has paid a heavy price in resistance to all of this century's extremists who didn't want to serve humanity as much as they wanted to remake or oppress it. Life for us has been a series of tests: whether growing up in the Dust Bowl of the 1930s, or fighting a war against Nazi tyranny, or waging a moral offensive against Jim Crow and other hateful barriers to human potential; whether sending a man to stroll on the surface of the moon, or standing up for American values across four decades of Cold War . . . all of these enterprises, vast as they were, enlisted the common energies of a nation that is never better than when tackling the impossible.

Along the way we discovered that there was no Republican or Democratic way to fight polio or even invent the Internet. Almost forty years have passed since I first arrived in this town as the lowest ranking creature in the political food chain—a freshman Congressman. My ideological credentials were validated by a local political boss in west Kansas who told a friend, ''Heck, I know he's a conservative—the tires on his car are threadbare.'' I never claimed to be a visionary. I came to Washington to do the decent thing by people in need, without bankrupting the Treasury or depriving entrepreneurs of the incentive or capital with which to realize their dreams. I brought from Kansas the conviction that most people are mostly good most of the time. Something I also learned: that an adversary is not the same thing as an enemy.

It may be hard to believe, but those days one politician could challenge another's ideas without questioning his motives or impugning his patriotism. As Harry will attest, we may have had differences over the years, but they were programmatic, not personal. In the words of the late great Ev Dirksen, ''I live by my principles, and one of my principles is flexibility.''

Of course, in the great defining struggle over civil rights, it was Ev Dirksen's flexibility that enabled him to put aside narrow questions of party advantage and remind colleagues that it was another Illinois Republican, by the name of Abraham Lincoln, who gave the GOP its moral charter as a party dedicated to racial justice. Throughout this century, no issue has done more to call forth the better angels of our nature. Whether it was Teddy Roosevelt inviting Booker T. Washington to dine with him at the White House, or my hero Dwight Eisenhower, summoning federal troops to integrate Central High School in Little Rock, or Harry Truman desegregating the armed forces, or LBJ speaking at a Joint Session in the House and shouting, ''we shall overcome,'' or the bipartisan coalition that I was privileged to lead in making Martin Luther King's birthday a national holiday.

All this, I think, has relevance for today's discussion. The topic is ''Civility and Deliberation in the United States Senate.'' As any C-Span viewer can tell you, we have too little of one and too much of the other. But why should that come as any surprise? We are after all, a representative democracy—a mirror held up to America. In this age when celebrity trumps accomplishment, and notoriety is the surest route to success in a 24 hour news cycle, voters are understandably turned off by a political culture that measures democracy in decibels.

Needless to say, it is pretty hard to listen when all around you, people are screaming at the top of their lungs. It's even harder to hear the voices of those who sent you to Washington in the first place. In a democracy differences are not only unavoidable—if pursued with civility as well as conviction, they are downright healthy. Put another way, I'd much rather deal with honest contention than creeping cynicism. Yet that's exactly what afflicts our system today, when millions of citizens regard all politicians as puppets on a string, dancing to the music of spinmeisters.

Fortunately, there are still men and women in this town and every town across America who disprove that view. They come from diverse backgrounds. They vote for different candidates. They speak various languages; they worship before many alters. But this much they have in common; they are patriots before they are partisans. At the same time they understand the dangers that arise when any leader starts to calculate his chances at the expense of his conscience.

One of the most inspiring stories I have ever read involves the late Senator John Stennis of Mississippi, for over forty years a lawmaker of towering integrity. In 1982 Senator Stennis faced the toughest reelection fight of his career. At one point early in the campaign, the Senator found himself listening to a room full of experts who kept prefacing every sentence with the phrase, ''to win, we will have to do this.''

Courtly as ever, Stennis heard everyone out before replying, ''there is one thing you really need to understand before we go any further,'' he told his political operatives. ''We don't have to win,'' John Stennis understood that in a system such as ours, details can be compromised, but principle never.

In the high stakes game of history, only those who are willing to lose for principle deserve to win in the polls. Only those whose principles do not blind them to the search for common ground, can hope to rally a political system intentionally designed to frustrate utopian reformers. As LBJ like to say, ''I'd rather win a convert than a fight.''

In his memoir, Harry describes just such a confluence involving Lyndon Johnson, in office less than two weeks, and his onetime friend turned antagonist Jim Rowe. In the wake of President Kennedy's assassination, the new President was reaching out across personal and political gulfs, seeking counsel and support wherever he could find them.

This led him to Jim Rowe, who protested at length that the estrangement had been his fault, not Johnson's. They went back and forth, until LBJ snapped, ''Damn it, can't you be content to be the first man the thirty-sixth president of the United States has apologized to?''

End of argument. And then Harry, on his own, reminds readers how important it is under such circumstances to swallow your feelings and smile even if it hurts. It's been said that Washington lacks the fabled Wise Men of yesterday—those vastly experienced sages whose instincts are even more valuable than their Rolodexes. I disagree. Because I have a friend and partner who is one of the wisest Men around. Both his shrewdness and his generosity are as large as Texas. I can't imagine anyone better qualified to address this gathering than the civil and deliberate Harry McPherson.

REMARKS OF HARRY MCPHERSON

Many years ago, after ''A Political Education'' was first published, several senators and staff people told me I'd gotten the place right. John Stennis burst into another senator's office, waving a copy of the book, and asked, ''Have you read Harry's book? He's got us clear as can be''. I was tremendously proud when I heard about that.

But it wasn't long before other staffers, as well as a few lobbyists and reporters, pointed out that I'd missed this or that vital truth about the Senate; that I'd misunderstood why Senator X did something that surprised me—a special friendship between him and Senator Y had caused a certain bill to be treated as it was; or that Senate rules and precedents (which I thought I understood) required a result that I had attributed to misbegotten ideology. Most of all, I was told, with a pitying smile, I had completely failed to take into account the importance of campaign contributions in shaping what happened, or didn't happen, in the Senate.

I was embarrassed by these observations, which I acknowledged to be true. When the book was republished, years later, I asked to make changes in it, that would reflect what I had learned in the intervening time. But publishing economics being what they are, there could be no changes in the body of the book. If I wanted to write an epilogue, calling attention to these things, I could. And I did, getting the politics a little straighter. Still later, a third publisher offered the chance to write a prologue, where I could disclose still further shortcomings in my earlier understanding of the Senate. I chose instead to compare the Democrats who ran the Senate in the early 90's with those of the mid-50's, when I started to work here. I assumed, of course, that those later Democrats would continue to run the place ad infinitum. That version of ''A Political Education'' saw the light in early 1995, just after Senator Lott assumed the responsibilities of majority leader.

I relate these misadventures as a way of suggesting that the Senate, small and visible and reported about as it is, remains, at least for me, mysterious. This is not to say that scholarly analyses of the Senate are inherently wrong. Statistical summaries of the Senate's work can be valuable in showing us how well the institution is performing. But there are human factors at work in the place that aren't easily captured by numbers. The Senate offers plenty of political science material. But it's also a novel—simple enough, in some respects, murky and ambiguous in others: like Joyce's ''Ulysses,'' which is about a June day in Dublin, 1904, and a Homeric saga, and God knows what else.

''Civility and Deliberation'' are behavioral abstractions, more natural to a novelist's view of the Senate than a statistician's.

Indeed, it might seem that a statistical measure of the Senate's productiveness—which would rate its ability to deal effectively with major public concerns—needn't pay much attention to quality-of-life considerations like ''civility'' and ''deliberation''. If the Senate produces, it doesn't matter—so this view would have it—whether the Chamber resembles an abattoir when it does so. It isn't the public concern whether Members of the Senate behave in a civil or uncivil manner toward one another, or even whether they gather together and deliberate before acting. What matters are the results.

There is a degree of truth in this, of course. Voters aren't usually focused on electing the politest candidate to represent them in the Senate, nor the one who takes the longest to make up his or her mind before acting on legislation. Some of the great senators have been persons of such force of personality, such power of will, such intellectual arrogance, such irresistible energy, that they were able to ram their work through the ranks of much more polite, less wilful Members—and the nation benefitted from that. The measure of the Senate's success as an institution isn't whether it resembles a Victorian debating society, tolerant, decorous, and patient, but whether it is able to appreciate and deal with vital public needs.

On the other hand, I guess the reason we've met to discuss ''Civility'' and ''Deliberation'' is that we suspect that these conditions of Senate life may in fact be related to Senate productivity. They aren't sufficient in themselves to cause productivity, but they may be necessary to enhance it. Put another way, what the Members feel about the quality of their corporate lives may have something to say about how well they perform as legislators. If it does, then the conversations I've had with a dozen or so senators during the past few days—from both parties—suggest that the modest record of the Senate in recent times is the product, at least in part, of inadequate civility in the Chamber, and a failure to deliberate—by which I mean to discuss in a body, with the possibility of changing opinions through argument—any number of significant public issues.

Rather than list all the shortcomings of contemporary Senate life that I heard about in these conversations, let me draw the beleaguered, cartoon senator I saw emerging from them, wishing I were Pat Oliphant and could do it with a flick of the pen. For simplicity, I'll make him male.

He is obsessed by television, beginning with television coverage of the Senate floor. Normally he doesn't go over to the Floor except to deliver prepared remarks, and since he can see what's happening on the Floor on the tube in his office, he doesn't spend his time sitting there, taking in the remarks of his colleagues. As a result there isn't much debate, as we think of that term.

He is on a number of committees, so his attention is fractured. Stuck in committee, meeting with lobbyists, or working the phone to raise money for his next campaign, he is unlikely to know much about issues on the Floor that one of his staffers doesn't tell him on the way over to vote. If he doesn't connect with the staffer, he simply relies on his Floor leader's staffer to tell him what to do.

He doesn't bear down to learn much about any issue, with exception for those indigenous and critical to his state. Why should he? Why should be learn complicated arguments about big issues, when a tidal wave of media talk has already served to fashion public opinion? Why deliberate on something, one Member asked, when everyone's already made up his or her mind, thanks not to some eloquent senator, but to the ubiquitous chattering classes outside the Chamber?

He is partisan, either by nature or experience. He served in the House, a Republican who backed Newt and the 1994 class seeking revenge for years of mistreatment by the ancient Democratic majority, or a Democrat, seeking revenge for mistreatment by Newt, Armey, and DeLay.

Still, because he is, as a politician, naturally gregarious, he would make friends, work, and trade with senators on the other side of the aisle—except that his brothers and sisters on his side tell him that those senators' seats are up for grabs, and he should do nothing to help them. Needing support from his own and unready to risk it, he steps back. Though bipartisan support is necessary to pass important legislation on tough issues, he's reluctant to provide it.

He really doesn't know many other senators, on his side or the other. Used to be, senators stayed in Washington until it got really hot, and then went home. During their 7-day-a-week residence in town, they got to know many of the others in the Chamber. Now many Members go back home on the weekends. Because of the righteous indignation of public interest groups—the same ones who demanded more roll calls, to put senators on record, and thereby made a lot of sound negotiated compromises die aborning—because those groups decried ''junkets'' abroad, there are few opportunities for senators to get to know each other, and something about the outer world at the same time. The constant pressure to raise campaign funds further reduces time for socializing. For reasons I cannot fathom, there doesn't even seem to be a place where the tradition of having a drink with other senators takes place regularly.

This senator isn't much of a ''deliberator,'' now, though the pleasure of arguing political issues in college is one reason he chose the career. Now he makes speeches written by staff, attends hearings structured by the chairman and interest groups to produce foreordained results, and engages in few debates on the floor that might make him look bad at home, or that might provide a potential opponent with a club to beat him with. His every waking moment, he feels, is under scrutiny. If he learns anything within the Senate, or contributes to someone else's education there, it's likely to be in a small group, behind closed doors.

Learning—even more, caring—about a big issue seems less and less worthwhile. He'd have to devote a ton of time to it, trying to persuade other distracted fellows to pay attention. This is especially true in the case of those issues—like improving the quality of elementary and secondary education, reducing the incidence of violent crime in poor neighborhoods, finding alternatives to imprisonment for drug addicts—which don't attract large political contributions. A friend of mine, many years ago, reasoned that we could pass major civil rights legislation if we could only find a way to benefit builders, construction unions, and the oil and gas industry by doing so.

The modalities of discourse—always addressing another member through the Chair, for example, never saying ''you'', never letting it hang entirely out—seem contrived and unnatural to many Members, and it

shows. But like manners in society, these traditions make it possible for people to rise above the harsh, wounding animosities of partisan conflict. They mask the red fangs, and make communal life, particularly in a spot-lighted commune like the Senate, more bearable.

This cartoon figure is not an attractive one, and there are a number of senators who would not see themselves in it. Some have friends across the aisle, with whom they work amiably, and in complete, mutual trust; two partners of mine, Bob Dole and George Mitchell, had such a relationship when they were party leaders. Some Members long for a more thorough deliberation of major issues; many of them wish for the means of developing friendships—more especially, building trust—with other Members. Several senators spoke appreciably of the prayer breakfast meetings, in which senators have been known to remove their togas for formal respectability, and reveal the needy human beings within. I recalled a meeting with a midwestern Democrat years ago, in which he told me that the members of his smaller prayer group—six senators, evenly divided by party—meant more to him than any other association he had; he said the others often voted with him, and he with them, because of that bond. It would have been hard to find the cause of that voting pattern in the usual statistical models. The ties that bond other senators to one another are easier to discover: combat service in World War II, for example, is a shared and unforgettable experience for Dan Inouye, Bob Dole, and Ted Stevens, and it has always shown.

The most interesting model of what the Senate could be, the wished-for example most frequently referred to in my conversations, was the experience of meeting, speaking, and listening to one another in the Old Senate chamber, the Old Supreme Court. There was no TV coverage; no reporters at all. And the subjects—in one case national security, in another, the impeachment of a President—were grave indeed, worthy of the fixed attention of any man or woman.

It's too late to undo television coverage of the Senate. The prayer group is not for everybody. Big government is over, the President said, so there aren't many big mountains of governmental effort to conceive, or to seek to tear down. Campaign finance, the country's annoyance, continues to depress the system with its demands on Members, would-be Members, and contributors alike. The Old Senate chamber won't do for daily meetings, and besides, TV and the press would crowd out the Members if it were tried. Hard-edged partisanship will continue for a while, even with Newt gone from the House to the talk shows.

It's a quite legitimate question, to ask whether these conditions have been better in the past. I think they were, prior to TV coverage of the Senate, prior to the geometrically escalating demands of fundraising. And perhaps in some past eras the quality of the Members was higher: not necessarily measured in intellectual fire-power, but in dedication to the central task of the legislator: to legislate. The Democratic Policy Committee for which I worked, forty years ago, included Lyndon Johnson, Richard Russell, Mike Mansfield, Hubert Humphrey, Lister Hill, Warren Magnuson, Robert Kerr, Carl Hayden, and John Pastore. These were true legislators, attentive to the task, prepared to learn about that was before them and then to join battle in the Chamber. Their superior qualities of attention and grasp were what made the Senate of those days—at least in my recollection—more serious than it often appears to be today. And it is those individual qualities of senators that ultimately determine the quality of the Body itself. Given the nature of today's media- and money-driven politics, our best hope is that our current Members, and those to come, will be inspired by the best of the past to raise the level of civility, and deepen the level of deliberations, in the Senate they've been chosen to serve in their own day.

25TH ANNIVERSARY OF THE INVASION OF CYPRUS

Mr. SARBANES. Mr. President, twenty-five years ago on this day, Turkish troops began their brutal assault on the people of Cyprus, forcing hundreds of thousands to flee their homes and villages. Less than a month later, after a cease-fire had been accepted and negotiations toward peaceful resolution of the conflict were proceeding under United Nations auspices, Turkey sent another, even larger occupation force of 40,000 troops and 200 tanks, seizing more than a third of the island. For the last quarter of a century, Turkish military forces have illegally occupied the northern part of the island, forcibly dividing it. Communities have been splintered, lives shattered, a nation deprived of its cultural heritage and the opportunity to live in peace.

The events of 1974 took a harsh toll on the people of Cyprus that remains with us to this day. Hundreds of thousands of Cypriots who fled advancing troops remain refugees in their own land, unable to return to the homes and the communities they inhabited for generations. Others have been stranded in tiny enclaves, deprived of the most basic human rights, forbidden to travel or worship freely. The beautiful coastal resort of Famagusta lies emply, bearing silent witness to what once was an economic and cultural center of the island. The Green Line runs like a jagged scar across the face of Cyprus. An entire generation has grown up in the shadow of military occupation, knowing only division and despair.

It is time for the world to recognize, however, that the Cyprus problem is more than just a humanitarian tragedy. As we have seen in Bosnia and Kosovo, when the suffering of a people puts peace and stability at risk, we also have a strategic interest in facilitating a negotiated settlement. And as long as the Cyprus problem divides not only a country, but two of our key NATO allies, the United States must work to help find a solution. The success of the UN peacekeepers should not for a minute obscure the real threat of conflict in the region. Cyprus can be either a spark to confrontation or the starting point for reconciliation, and we have a hard-headed security interest in seeing it resolved.

In one of the tragic ironies of this situation, the man who ordered the invasion is once again Prime Minister of Turkey. On this sad anniversary, we ask the President to call upon Mr. Ecevit to assume the mantle of statesmanship and acknowledge that the status quo is not acceptable. The Turkish government must demonstrate its willingness to help rectify this continuing injustice and to participate in good faith in U.S. and U.N.-mediated efforts to resolve it. The current situation hurts not only Greek and Turkish Cypriots but Turkey itself, and its relations with the United States and the international community.

I am pleased to say that the Clinton administration has kept the Cyprus issue high on the international agenda, raising it at every appropriate opportunity and assigning some of their most capable diplomats to work toward a settlement. I would particularly like to recognize the work of Dick Holbrooke and Tom Miller in this regard. Although Tom has just been sworn in as our new Ambassador to Bosnia-Herzegovina and Dick, I hope, will soon be confirmed as our Permanent Representative to the United Nations, they have played an invaluable role in demonstrating the seriousness of this administration in bringing peace and justice to this troubled island.

In recent weeks there has been increased international attention focused on the Cyprus problem, and a greater sense of urgency in bringing the two sides together. The G–8 for the first time has dealt with the Cyprus problem in a direct and substantive way, urging the UN Secretary General, in accordance with relevent Security Council resolutions, to invite the leaders of the two sides to comprehensive negotiations without preconditions in the fall of 1999. Unfortunately, thus far, Mr. Denktash, the leader of the Turkish-Cypriot community, has sent a negative message on his participation in such talks.

Less than a month ago the UN Security Council endorsed the G–8 leaders' appeal and reaffirmed its position that ''a Cyprus settlement must be based on a State of Cyprus with a single sovereignty and international personality and a single citizenship, with its independence and territorial integrity safeguarded, and comprising two politically equal communities as described in the relevant Security Council resolutions, in a bi-communal and bi-zonal federation, and that such a settlement must exclude union in whole or in part with any other country or any form of partition or secession.'' Such a resolution, according to the G–8, ''would not only benefit all the people of Cyprus, but would also have a positive impact on peace and stability in the region.''

Mr. President, the division of Cyprus has gone on far too long. I want to take

this opportunity to commend the thousands of friends and supporters of a free and unified Cyprus who joined hands around the Capitol today. As we commemorate this tragic anniversary, let us salute their courage and redouble our own efforts to help bring an end to this terrible and continuing injustice.

Ms. MIKULSKI. Mr. President, twenty five years ago today, Turkish troops invaded and divided the nation of Cyprus. This illegal and immoral division of Cyprus continues today—dividing a country and creating instability in the Mediterranean.

During the early days of the Turkish occupation, six thousand Greek-Cypriots were killed. Over two hundred thousand were driven from their homes. Many of the missing, including some Americans, have never been accounted for.

Little has changed in the past quarter century. Today, forty thousand Turkish troops remain in Cyprus. The Greek-Cypriots who remain in the northern part of the island are denied basic human rights such as the right to a free press, freedom to travel, and access to religious sites.

I am disappointed that we have made no progress in ending the occupation of Cyprus.

This year, as we mark this somber anniversary, I urge my colleagues to join me in recommitting ourselves to bring peace to Cyprus.

First of all, we must continue to make the resolution of the Cyprus problem a priority. President Clinton and Secretary of State Albright have focused more attention on this region that any other Administration. Ambassador Richard Holbrooke and Ambassador Tom Miller have done an excellent job trying to bring both sides together. As Ambassador Holbrooke assumes his new responsibilities at the United Nations, we must encourage the Administration to replace him with an emissary of equal stature.

The second priority is that we must continue to provide humanitarian assistance to the people of Cyprus. Each year, Congress provides fifteen million dollars to foster bicommunal cooperation in Cyprus. These funds are used for education, health care, and to help both communities to solve regional problems—such as to improve water and energy supplies.

These funds are an investment in stability in a strategically important region of the world. I'm pleased that the Senate Foreign Operations Appropriations bill includes this funding. As a member of the Subcommittee, I will continue to fight to ensure that the final legislation includes this funding.

The third priority is that Congress should pass the Enclaved People of Cyprus Act. Senator OLYMPIA SNOWE and I introduced this legislation to call for improved human rights for the Greek Cypriots living under Turkish control. I urge my colleagues to join us by cosponsoring this legislation.

Mr. President, the crisis in Cyprus has brought two NATO allies to the brink of war. The occupation is also a human tragedy that should enrage all of us who care about human rights. We must continue to work toward a peaceful and unified Cyprus.

Mr. TORRICELLI. Mr. President, I rise today to commemorate one of the most tragic events of the 20th century. 25 years ago today, Turkey invaded Cyprus, and it has occupied part of the island ever since. In fact, 35,000 Turkish troops continue to occupy almost 40 percent of Cyprus' territory. Turkey's invasion forced the relocation of thousands of Greek Cypriots, it has led to the brutal treatment of the enclaved people in the Karpas, and it has resulted in greater instability in the region.

When Turkey occupied a portion of Cyprus in 1974, almost 200,000 Greek Cypriots were evicted from their homes and became refugees in their own country. 1,618 Greek Cypriots, including four Americans, have been missing ever since. After 25 years, the refugees have never been allowed to return to their homes in occupied Cyprus, and the missing are still unaccounted for. At the same time, Turkey has brought in over 80,000 settlers to the occupied part of the island. These settlers were given the lands and homes belonging to Greek Cypriots, in violation of international law.

For the few Greek Cypriots that were allowed to remain in the occupied Karpas Peninsula, the situation has been equally grim. A 1975 humanitarian agreement allowed 20,000 Greek Cypriots to stay in this area, but only 500 live in the Karpas today. These people have been subjected to harassment and intimidation despite the terms of the 1975 agreement. Land travel in the north is heavily restricted, as is secondary schooling and access to religious institutions. The United Nations itself has observed that the terms of the agreement have not been honored.

As we reflect on the past 25 years, it is clear that the rights of the Greek Cypriot population continue to be violated, that tensions have not lessened, and that instability has become a greater threat. Rather than lose hope, we must make a concerted effort to encourage dialogue and discussion among the parties. I have long advocated a just and peaceful resolution to the Cyprus conflict, and I hope that we will make progress toward a solution before the next anniversary comes to pass. Ending this impasse is in the best interests of the Greek Cypriot population, the region, and the international community as a whole. I urge this Congress and the Administration, as we mark the 25th anniversary of the Cyprus occupation, to evaluate the current situation and increase our efforts to ensure that a peaceful solution becomes a reality for Cyprus.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, July 19, 1999, the Federal debt stood at $5,628,492,605,942.62 (Five trillion, six hundred twenty-eight billion, four hundred ninety-two million, six hundred five thousand, nine hundred forty-two dollars and sixty-two cents).

Five years ago, July 19, 1994, the Federal debt stood at $4,625,472,000,000 (Four trillion, six hundred twenty-five billion, four hundred seventy-two million).

Ten years ago, July 19, 1989, the Federal debt stood at $2,803,290,000,000 (Two trillion, eight hundred three billion, two hundred ninety million).

Fifteen years ago, July 19, 1984, the Federal debt stood at $1,534,687,000,000 (One trillion, five hundred thirty-four billion, six hundred eighty-seven million).

Twenty-five years ago, July 19, 1974, the Federal debt stood at $474,534,000,000 (Four hundred seventy-four billion, five hundred thirty-four million) which reflects a debt increase of more than $5 trillion—$5,153,958,605,942.62 (Five trillion, one hundred fifty-three billion, nine hundred fifty-eight million, six hundred five thousand, nine hundred forty-two dollars and sixty-two cents) during the past 25 years.

MESSAGE FROM THE HOUSE

ENROLLED BILLS SIGNED

A message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 2035. An act to correct errors in the authorization of certain programs administered by the National Highway Traffic Safety Administration.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–4244. A communication from the Director, Administration and Management, Department of Defense, transmitting, pursuant to law, a report relative to the resignation of the General Counsel, Department of the Army, the designation of an Acting General Counsel, and the nomination of a General Counsel; to the Committee on Armed Services.

EC–4245. A communication from the Secretary of Defense, transmitting, the report of

a retirement; to the Committee on Armed Services.

EC–4246. A communication from the Congressional Review Coordinator, Policy and Program Development, Regulatory Analysis and Development, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''High-Temperature Forced-Air Treatments for Citrus'' (Docket No. 96–069–3), received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4247. A communication from the Congressional Review Coordinator, Policy and Program Development, Regulatory Analysis and Development, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Importation of Poultry Products'' (Docket No. 98–028–2), received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4248. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a proposed license for the export of defense equipment in the amount of $14,000,000 or more to Turkey; to the Committee on Foreign Relations.

EC–4249. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a proposed license for the export of defense articles or services in the amount of $50,000,000 or more to French Guiana; to the Committee on Foreign Relations.

EC–4250. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a proposed license for the export of defense articles or services in the amount of $50,000,000 or more to Japan; to the Committee on Foreign Relations.

EC–4251. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a proposed Manufacturing License Agreement for the export of defense services under a contract in the amount of $50,000,000 or more to Spain; to the Committee on Foreign Relations.

EC–4252. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a proposed license for the export of defense articles or services under a contract in the amount of $50,000,000 or more to the United Kingdom; to the Committee on Foreign Relations.

EC–4253. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a proposed Manufacturing License Agreement with Oman; to the Committee on Foreign Relations.

EC–4254. A communication from the Director, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on appropriations legislation within seven days of enactment; to the Committee on the Budget.

EC–4255. A communication from the Director, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on appropriations legislation within seven days of enactment; to the Committee on the Budget.

EC–4256. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Revenue Procedure 99–30'' (RP–102–588–99), received July 15, 1999; to the Committee on Finance.

EC–4257. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Announcement Requesting Comments on Foreign Contingent Debt'' (Announcement 99–76), received July 15, 1999; to the Committee on Finance.

EC–4258. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, a report relative to a navigation lock at the Kentucky Lock and Dam on the Tennessee River, Kentucky; to the Committee on Environment and Public Works.

EC–4259. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Bentazon, Cyanazine, Dicrotophos, Diquat, Ethephon, Oryzalinn, Oxadiazon, Picloram, Prometryn, and Trifluralin; Tolerance Actions'' {FRL #6093–9}, received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4260. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Biphenyl, Calcium cyanbide, and Captafol, et al; Final Tolerance'' {FRL #6092–7}, received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4261. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Dalapon, Fluchloralin, et al., Various Tolerance Revocations'' {FRL #6093–6}, received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4262. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Propargite; Revocation of Certain Tolerances'' {FRL #6089–7}, received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4263. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Spinosad; Pesticide Tolerances for Emergency Exemptions'' {FRL #6093–9}, received July 16, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4264. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Tebifenozide; Benzoic Acid, 3,5-dimethyl-1-(1,1-dimethylethyl)-2-(4-ethylbenozoyl) hydrazide; Pesticide Tolerance'' {FRL #6092–1}, received July 15, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

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–251. A resolution adopted by the Senate of the General Assembly of the Commonwealth of Pennsylvania relative to loans for state and local governments; to the Committee on Banking, Housing, and Urban Affairs.

SENATE RESOLUTION

Whereas, All state and local governments and school districts have a substantial need to undertake capital projects to build or improve new or existing schools, roads, bridges, water and sewer systems, waste disposal facilities, public housing units, public buildings and environmental improvements; and

Whereas, The Federal Government is in a much better position than state and local governmental units and school districts to raise large amounts of capital to fund major capital projects; and

Whereas, The Treasury of the Federal Government has an ongoing program utilizing treasury bills, bonds, notes and other financial instruments to raise its needed operating capital; therefore be it

Resolved, That the Senate of Pennsylvania memorialize Congress to support the concept of creating interest-free loans to state and local governments and school districts to provide for capital projects for schools, roads, bridges, water and sewer projects, waste disposal projects, public housing, public buildings and environmental projects; and be it further

Resolved, That copies of this resolution be transmitted to the presiding officers of each house of Congress and to each member of Congress from Pennsylvania.

POM–252. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to the ''Flag Protection Amendment''; to the Committee on the Judiciary.

SENATE CONCURRENT RESOLUTION NO. 136

Whereas, the United States flag is a symbol of our country; and

Whereas, desecration of the flag disgusts and enrages many American citizens, including the men and women who put their lives at risk to uphold what the flag symbolizes; and

Whereas, the Supreme Court of the United States has held that flag desecration is protected speech under the First Amendment of the Constitution of the United States; and

Whereas, Congress responded by passing the Flag Protection Act of 1989, which the Supreme Court declared unconstitutional; and

Whereas, in its current term, Congress is considering the Flag Protection Act, a constitutional amendment giving Congress the authority to pass laws protecting the flag from desecration; and

Whereas, the Legislature of Louisiana has visited the flag burning issue on numerous occasions and has consistently voted against the flag burner and in favor of protecting the flag. Therefore, be it

Resolved, That the Legislature of Louisiana does hereby memorialize the Congress of the United States to pass the Flag Protection Amendment, an amendment to the Constitution of the United States, giving Congress the authority to pass laws protecting the United States flag from desecration. Be it further

Resolved, That a copy of this Resolution be transmitted to the secretary of the United

States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.

POM–253. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to the Big Creek Recreation Access Project; to the Committee on Appropriations.

SENATE CONCURRENT RESOLUTION NO. 124

Whereas, Big Creek, a Louisiana Natural and Scenic River, is located entirely in Grant Parish with a historical record of recreation and commerce dating back to the 1800's and is vital to recreation, commerce, and tourism in the Pollock area and the state of Louisiana; and

Whereas, Big Creek provides excellent canoeing and related recreational opportunities which are in great demand in the Kisatchie National Forest; and

Whereas, the United States Forest Service, Department of Agriculture, has designed the Big Creek Recreation Access Project and has approved its construction as funds become available; and

Whereas, the Big Creek Recreation Access Project would be a great economical boost for recreation, commerce, and tourism in the Pollock area and the state of Louisiana by providing canoeing, fishing, swimming, hiking, and sanitary facilities for the public on Kisatchie National Forest lands. Therefore, be it

Resolved, That the Legislature of Louisiana memorializes the Congress of the United States to provide funding for the construction of the Big Creek Recreation Access Project; and be it further

Resolved, That a copy of this Resolution shall be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.

POM–254. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to tobacco settlement; to the Committee on Finance.

SENATE CONCURRENT RESOLUTION NO. 59

Whereas, the state attorney general and attorneys general of forty-five other state and five territories have filed claims against the tobacco industry; and

Whereas, the state's attorneys general carefully crafted the settlement agreement to reflect only costs incurred by the states; and

Whereas, these lawsuits represent years of state effort and leadership, and the states have borne all risks while the United States government failed to participate in such litigation; and

Whereas, the president of the United States announced a federal surplus of seventy billion dollars in his state of the union address. Therefore, be it

Resolved, That the Legislature of Louisiana memorializes the Congress of the United States to enact legislation to guarantee that one hundred percent of all monies due states from the tobacco industry settlement, agreement, or judgment be paid in full to such states; and be it further

Resolved, That the Legislature of Louisiana memorializes the Congress of the United States to prohibit any and all activities, including excise taxes on tobacco products and recoveries of Medicaid costs for smoking-induced illnesses, that would result in reducing the amount of funds available to the states from any tobacco industry settlement, agreement, or judgment; and be it further

Resolved, That a copy of this Resolution shall be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.

POM–255. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to food and humanitarian aid to Cuba; to the Committee on Foreign Relations.

SENATE RESOLUTION NO. 51

Whereas, two legislative instruments, SR 926 and HR 1644, which are pending in Congress have been designated the Cuban Food and Medicine Security Act of 1999 and would allow the sale of food and medicine to the people of Cuba; and

Whereas, Cuba is the only country prohibited by federal law from purchasing food and medicine from United States suppliers; and

Whereas, this prohibition has done nothing to punish Cuba's government or Cuba's political leaders but the innocent people of Cuba who are in need of food and medicine; and

Whereas, the United States has always promoted global humanitarian aid, yet its current prohibition of the sale of food and medicine to Cuba is antithetical to its history of humanitarianism; and

Whereas, the federal government has recently approved the sale of food and medicine to countries such as Iran, Iraq, Libya, and Sudan, and even in the midst of the Cold War, the United States sold food and medicine to the former Soviet Union; and

Whereas, prior to 1960, the people of Cuba purchased hundreds of thousands of tons of rice and other food products annually which were shipped to Cuba through the Port of Lake Charles; and

Whereas, if such purchases were allowed, Cuba's high demand for food products may provide a ready market for Louisiana's agricultural goods; and

Whereas, the sale of food and medicine to the people of Cuba would benefit this state and the country by a promotion of humanitarian policy, an enhancement of the farm-business community, and the creation of hundreds of jobs at the Port of Lake Charles and elsewhere within our economy. Therefore, be it

Resolved, That the Senate of the Legislature of Louisiana does hereby memorialize Congress of the United States to adopt the Cuban Food and Medicine Security Act of 1999 or other similar legislation which would eliminate the current prohibition against the sale of food and medicine to the people of Cuba; and be it further

Resolved, That a copy of this Resolution be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.

POM–256. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to a proposed "National Week of Prayer for Schools"; to the Committee on the Judiciary.

SENATE CONCURRENT RESOLUTION NO. 42

Whereas, presidents throughout American history have called our people to prayer, especially Abraham Lincoln in 1863; and

Whereas, in light of this history, a week of dedication toward prayer for our schools should be set aside for the sake of our children and their future; and

Whereas, we invite the people of this nation to join together to pray, sing, proclaim, and speak for the progression of educational programming in our country; and

Whereas, we encourage the citizens of our nation to pay for the dedicated teachers, staff, and administrators who are molding the children's dreams and our futures. Therefore, be it

Resolved, That the Legislature of Louisiana hereby memorializes the United States Congress to proclaim the first week in August of each year as "National Week of Prayer for Schools"; and be it further

Resolved, That a copy of this Resolution be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.

POM–257. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to the "Comprehensive Hurricane Protection Plan for Coastal Louisiana"; to the Committee on Environment and Public Works.

SENATE CONCURRENT RESOLUTION NO. 30

Whereas, Louisiana citizens living and working in southeast Louisiana have been and continue to be vulnerable to the devastating effects of hurricanes and tropical storms; and

Whereas, federal, state, and local governments have attempted to provide hurricane protection to the residents of the region by implementing construction projects designed to protect specific areas; and

Whereas, a comprehensive plan is in need of being developed to provide protection for the areas outside of existing project boundaries which are subject to catastrophic damages due to hurricanes and other storm events; and

Whereas, the U.S. Army Corps of Engineers is analyzing a plan, entitled the "Comprehensive Hurricane Protection Plan for Coastal Louisiana", to provide continuous hurricane protection from the vicinity of Morgan City, Louisiana to the Louisiana-Mississippi border; and

Whereas, the plan will seek to expedite the ongoing construction of several hurricane protection projects, seek immediate congressional authorization for projects being planned, initiate and expedite hurricane protection and flood control studies in the region, initiate a study of flood proofing major hurricane evacuation routes, and initiate a reevaluation of existing hurricane protection projects to provide for category 4 or 5 hurricanes; and

Whereas, the development of the plan will necessitate a major cooperative effort of federal, state, and local governments requiring a considerable amount of funds for planning, implementation, and construction; and

Whereas, the association of Levee Boards of Louisiana fully supports and endorses the concepts of the comprehensive hurricane protection plan. Therefore, be it

Resolved, That the Legislature of Louisiana memorializes the Congress of the United States to authorize and urge the governor of the state of Louisiana to support the development of the "Comprehensive Hurricane Protection Plan for Coastal Louisiana" by the U.S. Army Corps of Engineers to provide continuous hurricane protection from Morgan City to the Mississippi border; and be it further

Resolved, That a copy of this Resolution be transmitted to the secretary of the United States Senate and the clerk of the United

States House of Representatives, to each member of the Louisiana delegation to the United States Congress, and to the governor of the state of Louisiana.

POM–258. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to the Turtle Excluder Device regulations; to the Committee on Commerce, Science, and Transportation.

SENATE CONCURRENT RESOLUTION NO. 12

Whereas, due to the protection of the beaches on Rancho Nuevo, Mexico, the number of documented nests of the endangered Kemp's Ridley sea turtle has increased to nearly four thousand from a low of about seven hundred in 1985; and

Whereas, the sea turtle population has increased to the point where modifications of turtle excluder device (T.E.D.S) regulations are feasible without causing detriment to the increasing turtle population; and

Whereas, the Louisiana shrimping industry views current T.E.D. regulations as a direct threat to their industry; and

Whereas, commercial shrimp trawl vessel licenses have dropped from a high of approximately thirty-two thousand in 1987, just prior to the T.E.D. regulations, to a present-day low of approximately fifteen thousand. Therefore, be it

Resolved, That the Legislature of Louisiana memorializes the Congress of the United States to pursue other viable alternatives to present T.E.D. regulations, including, but not limited to seasonal exemptions, where there is a low presence of the Kemp Ridley turtle in the winter season; and area exemptions where there has been no historical evidence of Kemp Ridley populations; and an industry funded recovery program; and be it further

Resolved, That a copy of this Resolution shall be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.

POM–259. A concurrent resolution adopted by the Legislature of the State of Louisiana relative to the National Resource Conservation Service; to the Committee on Appropriations.

SENATE CONCURRENT RESOLUTION NO. 60

Whereas, the Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service, has been providing technical assistance to Louisiana's landowners and land managers since 1935; and

Whereas, such technical assistance has been provided through formal working agreements with each of Louisiana's forty-three soil and water conservation districts; and

Whereas, a science-based, multidisciplinary workforce's no-cost assistance has been instrumental to the development of Louisiana's productive cropland, pasture land, and forests; and

Whereas, NRCS has generally provided services and funds to the people of Louisiana through the soil and water conservation districts at a ratio of approximately ten federal dollars for each state dollar; and

Whereas, Louisiana landowners and land managers are besieged by regulations and enforcement actions related to clean air, clean water, wetland protection and restoration, animal waste management, nutrient and pesticide management, riparian area protection, and other environmental requirements; and

Whereas, the technical assistance that NRCS provides is critical to our state's landowners' continuing compliance with these complex environmental laws and regulations; and

Whereas, private landowners and land managers control over eighty percent of Louisiana's land, and their understanding and application of sound conservation practices to their land is essential to maintain its productivity; and

Whereas, these sound conservation practices constitute an important non-point source environmental protection program on a statewide and national basis; and

Whereas, the president of the United States has proposed a budget that in effect would reduce NRCS field service staff by over 1,050 nationwide with a possible twenty-five reduction in Louisiana's field staff; and

Whereas, this potential reduction in field service staff would severely weaken the state and national non-point source environmental protection program, and the resulting impact of the reduced availability of technical assistance would likely lead to increased violations by private landowners. Therefore, be it

Resolved, That the Legislature of Louisiana memorializes the Congress of the United States to restore any budget reductions affecting NRCS in order that it can adequately serve the conservation and environmental needs of Louisiana; and be it further

Resolved, That this Resolution shall be transmitted to the secretary of the United States Senate, the clerk of the United States House of Representatives, each member of the Louisiana congressional delegation, the secretary of the United States Department of Agriculture, and the president of the United States.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with amendments:

S. 348: A bill to authorize and facilitate a program to enhance training, research and development, energy conservation and efficiency, and consumer education in the oilheat industry for the benefit of oilheat consumers and the pubic, and for other purposes (Rept. No. 106–109).

By Mr. THOMPSON, from the Committee on Government Affairs, with amendments:

S. 746: A bill to provide for analysis of major rules, to promote the public's right to know the costs and benefits of major rules, and to increase the accountability of quality of Government (Rept. No. 106–110).

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment and an amendment to the title:

S. 937: A bill to authorize appropriations for fiscal years 2000 and 2001 for certain maritime programs of the Department of Transportation, and for other purposes (Rept. No. 106–111).

By Mr. ROTH, from the Committee on Finance:

Report to accompany the bill (S. 1387) to extend certain trade preference to sub-Saharan African countries (Rept. No. 106–112).

By Mr. SPECTER, from the Committee on Veterans' Affairs, with an amendment in the nature of a substitute and an amendment to the title:

S. 695: A bill to direct the Secretary of Veterans Affairs to establish a national cemetery for veterans in the Atlanta, Georgia, metropolitan area (Rept. No. 106–113).

By Mr. SPECTER, from the Committee on Veterans' Affairs, without amendment:

S. 1402: An original bill to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes (Rept. No. 106–114).

By Mr. MURKOWSKI, from the Committee on Finance, with an amendment and an amendment to the title:

H.R. 1833: A bill to authorize appropriations for fiscal year 2000 and 2001 for the United States Customs Service for drug interdiction and other operations, for the Office of the United States Trade Representative, for the United State International Trade Commission, and for other purposes.

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. TORRICELLI (for himself and Mr. LAUTENBERG):

S. 1394. A bill to require the Secretary of the Treasury to mint coins in commemoration of the U.S.S. New Jersey, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BAUCUS:

S. 1395. A bill to require the United States Trade Representative to appear before certain congressional committees to present the annual National Trade Estimate; to the Committee on Finance.

By Mr. FITZGERALD:

S. 1396. A bill to amend section 4532 of title 10, United States Code, to provide for the coverage and treatment of overhead costs of United States factories and arsenals when not making supplies for the Army, and for other purposes; to the Committee on Armed Services.

By Mr. ENZI (for himself and Mr. THOMAS):

S. 1397. A bill to provide for the retention of the name of the geologic formation known as ''Devil's Tower'' at the Devils Tower National Monument in the State of Wyoming; to the Committee on Energy and Natural Resources.

By Mr. HELMS:

S. 1398. A bill to clarify certain boundaries on maps relating to the Coastal Barrier Resources System; to the Committee on Environment and Public Works.

By Mr. DEWINE (for himself, Mr. DODD, Ms. SNOWE, Ms. LANDRIEU, Mr. REID, Mrs. BOXER, Mr. INOUYE, Mr. SARBANES, Mr. KENNEDY, and Mr. WELLSTONE):

S. 1399. A bill to amend title 38, United States Code, to provide that pay adjustments for nurses and certain other health-care professionals employed by the Department of Veterans Affairs shall be made in the manner applicable to Federal employees generally and to revise the authority for the Secretary of Veterans Affairs to make further locality pay adjustments for those professionals; to the Committee on Veterans Affairs.

By Mrs. BOXER (for herself, Mrs. MURRAY, Mr. KENNEDY, Mr. LAUTENBERG, and Mr. SCHUMER):

S. 1400. A bill to protect women's reproductive health and constitutional right to choice, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. GRAHAM (for himself, Mr. MACK, Mrs. BOXER, Mrs. FEINSTEIN, and Mr. BINGAMAN):

S. 1401. A bill to amend the Federal Crop Insurance Act to promote the development and use of affordable crop insurance policies designed to meet the specific needs of producers of specialty crops, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. SPECTER:

S. 1402. An original bill to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes; from the Committee on Veterans Affairs; placed on the calendar..

By Mrs. FEINSTEIN (for herself, Mr. REID, Mrs. BOXER, Mr. BRYAN, and Mrs. MURRAY):

S. 1403. A bill to amend chapter 3 of title 28, United States Code, to modify en banc procedures for the Ninth Circuit Court of Appeals, and for other purposes; to the Committee on the Judiciary.

By Mr. ROBB (for himself, Mr. WARNER, Mr. SARBANES, and Ms. MIKULSKI):

S. 1404. A bill to amend the Internal Revenue Code of 1986 to authorize expenditures from the Highway Trust Fund for the Woodrow Wilson Memorial Bridge Project for fiscal years 2004 through 2007, and for other purposes; to the Committee on Finance.

By Mr. WARNER (for himself, Mr. ROBB, Mr. SARBANES, and Ms. MIKULSKI):

S. 1405. A bill to amend the Woodrow Wilson Memorial Bridge Authority Act of 1995 to provide an authorization of contract authority for fiscal years 2004 through 2007, 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. SHELBY (for himself, Mr. SESSIONS, Mrs. HUTCHISON, Mr. SMITH of New Hampshire, Mr. GRAHAM, Mrs. BOXER, Mr. STEVENS, Mr. ABRAHAM, Mr. ALLARD, Mr. BUNNING, Mr. GRAMS, Mr. LOTT, Mr. JOHNSON, Mr. BREAUX, Mr. GRASSLEY, Ms. COLLINS, Mr. BURNS, Mr. BYRD, Mr. BROWNBACK, Mr. HAGEL, Mr. COVERDELL, Mr. HELMS, Mr. SPECTER, Mr. THURMOND, Mr. THOMAS, Mr. DEWINE, Mr. DODD, Mr. FEINGOLD, Mr. LEVIN, Mr. MOYNIHAN, Mr. GRAMM, Mr. MACK, Mr. FRIST, Mr. ENZI, and Mr. GREGG):

S. Con. Res. 45. A concurrent resolution expressing the sense of Congress that the July 20, 1999, 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's; to the Committee on the Judiciary.

S. Con. Res. 46. A concurrent resolution expressing the sense of Congress that the July 20, 1999, 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TORRICELLI (for himself and Mr. LAUTENBERG):

S. 1394. A bill to require the Secretary of the Treasury to mint coins in commemoration of the U.S.S. *New Jersey*, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

U.S.S. ''NEW JERSEY'' COMMEMORATIVE COIN ACT

• Mr. TORRICELLI. Mr. President, I rise today to introduce legislation that will assist with the financial costs of relocating the Battleship U.S.S. *New Jersey* to a place of honored retirement in her namesake state. After fifty-six years of service to our Nation, this proud ship is ready to serve America in a new and invaluable role as an educational museum and historic center.

The U.S.S. *New Jersey* is believed to be the most decorated warship in the annals of the U.S. Navy, with sixteen battle stars and thirteen other ribbons and medals. She is one of the four battleships of the 45,000 ton *Iowa* class, which are the largest, fastest and most powerful we ever built. Beyond her imposing size and physical characteristics though, the *New Jersey* has an unmatched record of service to her country.

With the easing of world tensions, the battleship was decommissioned in February of 1991 and she now lays in reserve, ready, but destined never to sail again. In January 1995, the *New Jersey* was stricken by the Navy, meaning that she was available to become a museum. For 24 years, the people of New Jersey have been organizing at the grass roots level to prepare for the eventual return to the ship.

Mr. President, the legislation I am introducing will authorize the Secretary of the Treasury to mint silver coins commemorating the U.S.S. *New Jersey*. Millions of dollars have already been raised through the purchase of Battleship License Plates, an annual Tax Check Off and contributions by many of New Jersey's leading civic and business organizations. The issuance of a U.S.S. *New Jersey* coin will add to these efforts and help commemorate this national treasure.

Mr. President, I ask that the text of bill be printed in the RECORD.

The bill follows:

S. 1394

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 ''U.S.S. New Jersey Commemorative Coin Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The U.S.S. New Jersey was launched December 7, 1942, the start of nearly 50 years of dedicated service to our Nation prior to final decommissioning in 1991.

(2) After commissioning, the U.S.S. New Jersey was sent to the Pacific, and played a key role in operations in the Marshalls, Marianas, Carolines, Philippines, Iwo Jima, and Okinawa, with a particular highlight being the U.S.S. New Jersey's service as the flagship for Commander 3d Fleet, Admiral William ''Bull'' Halsey, during the Battle of Leyte Gulf in October 1944.

(3) After the Allied victory in World War II, the U.S.S. New Jersey was deactivated in 1948 until being called to service for the second time, in November 1950.

(4) The U.S.S. New Jersey served two tours in the Western Pacific during the Korean War, serving as flagship for Commander 7th Fleet.

(5) After her valiant service during the Korean War, the U.S.S. New Jersey was again mothballed in 1957, only to be re-activated again in 1968 to serve as the only active-duty Navy battleship.

(6) The U.S.S. New Jersey served a successful tour during the Vietnam conflict, providing critical major-caliber fire support for friendly troops, before again being decommissioned in December 1969.

(7) The U.S.S. New Jersey's service to our country did not end with the Vietnam conflict, as she was again called to active duty status in December 1982 and provided a show of strength off the coast of Nicaragua, in Central America in 1983.

(8) The Navy again called upon the U.S.S. New Jersey to provide critical support by sending her to the Mediterranean in 1983 to provide critical fire support to Marines in embattled Beirut, Lebanon.

(9) The U.S.S. New Jersey continued to serve the Navy in a variety of roles, including regular deployments in the Western Pacific.

(10) The U.S.S. New Jersey was decommissioned for the fourth and final time in February 1991.

(11) In 1998 Congress passed legislation to decommission the U.S.S. New Jersey and permanently berth her in the State of New Jersey.

(12) The State has strongly endorsed bringing the U.S.S. New Jersey home, and has issued commemorative license plates and taken other steps to raise funds for the costs of relocating the U.S.S. New Jersey.

(13) The New Jersey congressional delegation is united in its support for bringing the U.S.S. New Jersey home to New Jersey.

SEC. 3. COIN SPECIFICATIONS.

(a) DENOMINATION.—In commemoration of the U.S.S. New Jersey, the Secretary of the Treasury (hereafter in this Act referred to as the ''Secretary'') shall mint and issue not more than 500,000 $1 coins, each of which shall—

(1) weigh 26.73 grams;

(2) have a diameter of 1.500 inches; and

(3) contain 90 percent silver and 10 percent copper.

(b) LEGAL TENDER.—The coins minted under this Act shall be legal tender, as provided in section 5103 of title 31, United States Code.

(c) NUMISMATIC ITEMS.—For purposes of section 5136 of title 31, United States Code, all coins minted under this Act shall be considered to be numismatic items.

SEC. 4. SOURCES OF BULLION.

The Secretary may obtain silver for minting coins under this Act from any available source, including stockpiles established under the Strategic and Critical Materials Stock Piling Act.

SEC. 5. DESIGN OF COINS.

(a) DESIGN REQUIREMENTS.—

(1) IN GENERAL.—The design of the coins minted under this Act shall be emblematic of service of the U.S.S. New Jersey.

(2) DESIGNATION AND INSCRIPTIONS.—On each coin minted under this Act there shall be—

(A) a designation of the value of the coin;

(B) an inscription of the year ''2002''; and

(C) inscriptions of the words ''Liberty'', ''In God We Trust'', ''United States of America'', and ''E Pluribus Unum''.

(3) OBVERSE OF COIN.—The obverse of each coin minted under this Act shall bear the likeness of the U.S.S. New Jersey.

(4) GENERAL DESIGN.—In designing this coin, the Secretary shall also consider incorporating appropriate elements from the tenure of service of the U.S.S. New Jersey in the Navy.

(b) SELECTION.—The design for the coins minted under this Act shall be selected by the Secretary after consultation with the Commission of Fine Arts and shall be reviewed by the Citizens Commemorative Coin Advisory Committee.

SEC. 6. ISSUANCE OF COINS.

(a) QUALITY OF COINS.—Coins minted under this Act shall be issued in uncirculated and proof qualities.

(b) MINT FACILITY.—Only one facility of the United States Mint may be used to strike any particular quality of the coins minted under this Act.

(c) PERIOD FOR ISSUANCE.—The Secretary may issue coins minted under this Act only during the period beginning on January 1, 2002, and ending on December 31, 2002.

SEC. 7. SALE OF COINS.

(a) SALE PRICE.—The coins issued under this Act shall be sold by the Secretary at a price equal to the sum of—

(1) the face value of the coins;

(2) the surcharge provided in subsection (d) with respect to such coins; and

(3) the cost of designing and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(b) BULK SALES.—The Secretary shall make bulk sales of the coins issued under this Act at a reasonable discount.

(c) PREPAID ORDERS.—

(1) IN GENERAL.—The Secretary shall accept prepaid orders for the coins minted under this Act before the issuance of such coins.

(2) DISCOUNT.—Sale prices with respect to prepaid orders under paragraph (1) shall be at a reasonable discount.

(d) SURCHARGES.—All sales of coins minted under this Act shall include a surcharge of $10 per coin.

SEC. 8. DISTRIBUTION OF SURCHARGES.

(a) IN GENERAL.—Subject to section 5134(f) of title 31, United States Code, 10 percent of the proceeds from the surcharges received by the Secretary from the sale of coins issued under this Act shall be promptly paid by the Secretary to the U.S.S. New Jersey Battleship Foundation in Middletown, New Jersey, for activities associated with the costs of moving the U.S.S. New Jersey and permanently berthing her in her new location.

(b) AUDITS.—The U.S.S. New Jersey Battleship Foundation shall be subject to the audit requirements of section 5134(f)(2) of title 31, United States Code.●

By Mr. BAUCUS:

S. 1395. A bill to require the United States Trade Representative to appear before certain congressional committees to present the annual Nation Trade Estimate; to the Committee on Finance.

PRESENTATION OF NATIONAL TRADE ESTIMATE

Mr. BAUCUS. Mr. President, the bill I am introducing today requires that the United States Trade Representative, the USTR, appear before the Finance Committee in the Senate and the Ways and Means Committee in the House, on the day that the National Trade Estimates Report is released.

USTR must deliver the NTE Report to the Committees. He or she must provide an analysis of the contents of the NTE Report. And they must outline the major actions that will result from the NTE findings or give the reasons for not taking action.

The NTE is an important document. It is the major opportunity each year for the Administration to set out the key trade barriers we confront with our major trade partners.

At present, our trade law requires merely that USTR report the NTE to the President, the Finance Committee and the appropriate committees in the House. The change I am proposing means that the NTE will be made public on Capitol Hill rather than at USTR. The U.S. Trade Representative will present both its analysis of the trade barriers and its plan of action to deal with those barriers. That presentation will be made directly and immediately to the Congress. USTR should also explain what they have done over the past year to address trade barriers listed in the prior year's report.

This is a small change, but an important symbolic one.

The NTE should be the plan of action the Administration will pursue to dismantle foreign trade barriers. And USTR and the Administration must be accountable to the Congress for the results of this plan.

During twenty-nine years of service in the United States Congress, I have watched a continuing transfer of authority and responsibility for trade policy from the Congress to the executive branch. The trend has been subtle, but clear and constant.

I want to see this trend reversed. We in the Congress have a clear constitutional responsibility for trade. Article I of the Constitution reads: ''The Congress shall have power . . . To regulate commerce with foreign nations.'' I want to use this constitutional authority to provide more effective and active congressional oversight of trade policy. And I would like to see more congressional direction for the executive branch in the area of trade policy.

Again, this bill is a very small step in that direction. In the coming weeks and months, I will introduce further measures to ensure that the Congress implements fully its constitutional prerogatives on trade.

By Mr. FITZGERALD:

S. 1396. A bill to amend section 4532 of title 10, United States Code, to provide for the coverage and treatment of overhead costs of United States factories and arsenals when not making supplies for the Army, and for other purposes; to the Committee on Armed Services.

LEGISLATION TO PROVIDE COVERAGE AND TREATMENT OF OVERHEAD COSTS OF UNITED STATES FACTORIES AND ARSENALS WHEN NOT MAKING SUPPLIES FOR THE ARMY

Mr. FITZGERALD. Mr. President, I rise today, along with my colleagues, Senators DURBIN, GRASSLEY, and HARKIN, to introduce a bill to preserve the integrity of our arsenals and the vital role they play in our national security and defense.

There are three arsenals remaining in this country charged with the responsibility of maintaining a military production capability in case of war. The Rock Island Arsenal in my home State of Illinois is one of those three national arsenals.

The U.S. Government acquired Rock Island, which lies in the Mississippi River between Illinois and Iowa, in 1804. The first U.S. Army establishment on the island was Fort Armstrong in 1816. Neither Illinois nor Iowa had established statehood at that time, but Fort Armstrong served as a refuge for pioneers living on the frontier. In 1862, Congress passed a law that established Rock Island Arsenal. Construction of the first manufacturing buildings began in 1866 and finished with the last stone shop in 1893.

Today, Rock Island Arsenal is a leader in high-technology weapons production, engineering, and logistics and plays an integral role in our national defense, providing manufacturing, supply, and support services for our Nation's Armed Forces.

I recently visited Rock Island Arsenal and was truly impressed with its facility and manufacturing capabilities and with its hard-working personnel. Manufacturing production at Rock Island centers around recoil mechanisms, gun mounts, artillery carriages, and the final assembly of Howitzers. Rock Island also serves as a ''job shop'' for the U.S. military, producing small quantities of urgently needed specialty items and performing work that is not profitable enough to be done in the private sector.

Rock Island is the largest Government-owned manufacturing arsenal in the Western World with state-of-the-art machining, welding, forging, plating, foundry, and assembly facilities.

Rock Island's specialty is artillery production, which it has done since the late 19th century, resulting in a long and distinguished history of efficient production and effective products.

Rock Island has been very successful at producing towed artillery and has also been responsible for the production work on all U.S. Howitzers for the last 50 years. However, even with the state-of-the-art facilities, expertise, and proven track record of the arsenals, there are those who would like to see them closed and transfer all military production to private firms.

Through those efforts, the arsenals have slowly but surely been marginalized through the years. Currently, Rock Island Arsenal is operated only at about 20 percent of its capacity. This approach does not save the Government money. It wastes it by making the Government pay twice for any product an arsenal can manufacture.

Let me explain this point, because it is important to understand that our current policy does not save the taxpayers any money. Arsenals are currently kept open and on standby to gear up for production in the event of a national military emergency. Therefore, the Army must pay the overhead to keep them open whether or not the Army uses the arsenals to procure equipment and supplies. When a contract is awarded to a private firm, the Army is still paying for unused capacity at the arsenals, while at the same time paying the private contractor the cost of the contract. In effect, the taxpayers are paying twice for every product procured from a private contractor that could have been procured from an arsenal.

The Army's procurement system hides these true costs from the public. The Army's bidding procedures do not allow procurement officers to evaluate arsenal bids fairly. Current bidding procedures require arsenals to include all of their full overhead costs, including the cost of unused capacity in the bid price for their products. This approach skews the true cost of the products produced by the arsenals. By requiring that arsenal bids include the cost of unused plant capacity—that is, those costs associated with the level of readiness the arsenals are already required to maintain—the Army has rendered arsenal bids inherently uncompetitive because the price of the product is artificially inflated beyond its true cost through the inclusion of overhead costs unrelated to the specific bid.

This bookkeeping fiction makes the bid price for arsenal products uncompetitive, even if the actual price of an arsenal product can be acquired at the lowest cost to the Government. Thus, not only must the taxpayers pay twice for a product when it is not manufactured at an arsenal, but the taxpayer may not be buying the lowest priced product.

The legislation I am interested in introducing today, Mr. President, with my colleagues from Illinois and Iowa, would require the Secretary of the Army to include in his annual budget request a line item to pay for the unutilized and underutilized plant capacity of the arsenals, thus recognizing the important role played by the arsenals in maintaining our defense preparedness. By requiring the Army to account for the overhead cost of unused arsenal capacity, the arsenals will no longer have to artificially inflate the cost of their bids to account for this overhead. Arsenals will be able to make competitive bids by virtue of not having to abide by the fiction of including as overhead for a bid the total cost of maintaining the arsenals. Instead, arsenals will be placed on a fairer footing with private firms by including in their bid price only the overhead cost associated with the particular product on which they are bidding.

In the end, this approach will allow the Army to procure those products which arsenals are capable of manufacturing in the most cost-effective way.

Products manufactured by our national arsenals are among the best in the world, and the arsenals deserve fair treatment and consideration in the marketplace. In short, adoption of this legislation will enhance our national defense, save taxpayer dollars, and ensure the economic viability of the communities that surround our national arsenals, such as that in Rock Island, IL.

Mr. President, I ask for favorable consideration of this bill.

I ask unanimous consent that a copy of the text of our bill be printed in the RECORD.

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

S. 1396

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. OVERHEAD COSTS OF UNITED STATES FACTORIES AND ARSENALS WHEN NOT MAKING SUPPLIES FOR THE ARMY.

(a) FINDING.—Congress makes the following findings:

(1) Factories and arsenals owned by the United States play a vital role in the national defense by ensuring the making of supplies for the Department of the Army.

(2) The vital role of such factories and arsenals in the national defense is not diminished by their unutilization or underutilization in peacetime.

(b) OVERHEAD COSTS OF FACTORIES AND ARSENALS WHEN UNUTILIZED OR UNDERUTILIZED.—Section 4532 of title 10, United States Code, is amended by adding at the end the following:

''(c) OVERHEAD COSTS WHEN UNUTILIZED OR UNDERUTILIZED.—(1) The Secretary shall submit to Congress each year, together with the President's budget for the fiscal year beginning in such year under section 1105(a) of title 31, an estimate of the funds to be required in the fiscal year in order to cover any overhead costs at factories and arsenals referred to in subsection (a) that result from the unutilization or underutilization of such factories and arsenals in the fiscal year due to low production requirements of the Department of the Army.

''(2) Funds appropriated to the Secretary for a fiscal year for costs described in paragraph (1) shall be available to the Secretary in such fiscal year to cover such costs.

''(3) In determining the cost of making a supply or other good, other than a supply for the Department of the Army, at a factory or arsenal referred to in subsection (a), the Secretary shall not take into account any overhead cost covered with funds available to the Secretary under paragraph (2).''.

(c) STYLISTIC AMENDMENTS.—That section is further amended—

(1) in subsection (a), by inserting ''AUTHORITY TO MAKE SUPPLIES.—'' before ''The Secretary of the Army''; and

(2) in subsection (b), by inserting ''ABOLITION.—'' before ''The Secretary''.

By Mr. ENZI (for himself and Mr. THOMAS):

S. 1397. A bill to provide for the retention of the name of the geologic formation known as ''Devils Tower'' at the Devils Tower National Monument in the State of Wyoming; to the Committee on Energy and Natural Resources.

DEVILS TOWER NATIONAL PARK NAME PRESERVATION ACT

Mr. ENZI. Mr. President, I rise to introduce a bill which will enable Devils Tower National Monument to retain its historic and traditional name.

Wyoming is a state rich with heritage. We have cities and communities named after great explorers like John Charles Fremont, John Wessley Powell, and mountain man Jim Bridger. We have cities named after William F. ''Buffalo Bill'' Cody, Civil War Hero General Philip Sheridan and Army Fort Commander Caspar Collins. The state is also rich with names that recognize the contributions by Native Americans. Our state capital, Cheyenne, is joined with other areas named Shoshoni, Washakie, Arapahoe, Ten Sleep, Sundance and Shawnee. Wyoming also adopted many names that represent the unique geography that makes up our diverse state. For example, we have the Yellowstone, Riverton, Big Piney, Green River, Mountain View, Lonetree, and the Wind River Canyon.

One such place, Devils Tower, was named in 1875 by a military survey team. You can imagine the impact on the group as it rode up to the tower more than 120 years ago. The gray volcanic tower sits on the plains of Northeastern Wyoming and shoots up, straight into the sky, for approximately one-quarter of a mile. Its rugged walls and round shape make it look something like a giant petrified tree stump. I live in the area and have visited the tower many times. I can attest that the name Devils Tower is clearly applicable.

Along with Yellowstone National Park's Old Faithful, Devils Tower has become an icon of Wyoming and the West. This unique structure is known internationally as one of the premiere climbing locations in the world and therefore plays a vital role in the state's billion dollar tourism industry.

I am, however, sensitive to the feelings of those Native Americans who would prefer to see the name of this natural wonder changed to something more acceptable to their cultural traditions. Many tribal members think of the monument as sacred. However, I believe little would be gained and

much would be lost should Devils Tower be renamed. Any name change for Devils Tower would dredge up age-old conflicts and divisions between descendants of European settlers and the descendants of Native Americans and would place a heavy burden on the region's economic stability.

My legislation will prevent such an impact and will embrace the least offensive option offered so far—the preservation of the traditional name of Devils Tower. I urge my colleagues to support this measure. 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. 1397

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other authority of law, the mountain located 44°42′58″ N., by 104°35′32″ W., shall continue to be named and referred to for all purposes as Devils Tower.

By Mr. HELMS:

S. 1398. A bill to clarify certain boundaries on maps relating to the Coastal Barrier Resources System; to the Committee on Environment and Public Works.

COASTAL BARRIER RESOURCES SYSTEM CORRECTIONS

Mr. HELMS. Mr. President, today I'm introducing legislation to correct errors in the Coastal Barrier Resource System maps which have resulted in the denial of federal flood insurance to a large number of coastal North Carolinians in Dare County, insurance for which they unquestionably should have been eligible.

I've received many complaints from property owners about this situation, and last year I and members of North Carolina's House delegation asked the Fish and Wildlife Service to determine whether the map of the ''otherwise protected area' overlaying the Cape Hatteras National Seashore was in fact accurate.'' (Property owners outside of the seashore were being denied flood insurance on the grounds that they were within the boundary of the ''otherwise protected area.'')

Mr. President, the background regarding this Senate bill that I'm introducing today will explain the necessity of this bill's being offered:

Congress enacted the Coastal Barrier Improvement Act of 1990 (P.L. 101–591; 104 Stat. 2931); within that act it established a classification in the System known as ''otherwise protected areas'' which consist of publicly or privately-owned lands on coastal barriers which were held for conservation purposes. While they were not made part of the Coastal Barrier Resources System, the Congress forbade the issuance of new flood insurance for structures within these areas. (Lands within the Coastal Barrier Resources System—undeveloped coastal barriers and associated areas—are denied any Federal development-related assistance.)

All of the ''otherwise protected areas'' are depicted on maps adopted by the Congress in the Coastal Barrier Improvement Act. As needed, the U.S. Fish and Wildlife Service, which administers these maps, works with the Federal Emergency Management Agency, (FEMA) to determine precisely where the boundary of otherwise protected areas are located, so that FEMA may determine whether specific locations are eligible for flood insurance.

After consulting extensively for more than a year with FEMA and the National Park Service, the Fish and Wildlife Service has now advised us that the maps of the ''otherwise protected area,'' known as NC03P, are indeed inaccurate. The errors in the maps deny flood insurance to property owners adjacent to the Cape Hatteras National Seashore in Dare County.

The errors result from inaccurate depictions of the Cape Hatteras National Seashore boundary on the standardized maps upon which Congress designated this area, and in part because of the problems inherent in translating lines drawn on the large-scale maps used for designations into precise, on-the—ground property lines-a problem which neither the Congress nor the Interior Department appears to have considered when this was enacted in 1990.

The fact that Congress designated the boundaries of coastal barrier units and ''otherwise protected areas'' by maps, the detection of an error in a depicted feature of the underlying map, or disparities between clear Congressional intent and the actual map, does not alter the enacted boundary of the unit or area. Only any act of Congress may revise such a boundary; the statute does not provide authority for an administrative correction of such an error.

Although there is no statutory definition of, and little legislative history for, ''otherwise protected areas'', the areas so designated by Congress in 1990 were almost without exception depicted on maps transmitted by the Secretary in his January 1989 report to Congress pursuant to section 10 of the Coastal Barrier Resources Act of 1982. In developing the recommendations and maps for that Report, the Department utilized the following definition, which was published in the Federal Register (50 FR 8700):

A coastal barrier or portion thereof is defined as ''otherwise protected'' if it has been withdrawn from the normal cycle of private development and dedicated for conservation, wildlife management, public recreation or scientific purposes. . . .

This definition indicates that ''otherwise protected areas'' included only the conservation areas upon which they were based. In addition, the Administration has supported and Congress has enacted legislation in several instances where the stated purpose was to remove private property from the mapped outer boundary of an otherwise protected area.

I am grateful for the cooperation of the Administration in this matter, I do regret that it look so long in this case.

The fact remains that the mistakes which led to more than 230 properties in Dare County being placed within the outer boundary of the ''otherwise protected area'' was clearly not intended by Congress when the ''otherwise protected area'' was created.

The bill I'm introducing today will correct these errors, Mr. President, and I urge the Senate to pass this legislation promptly.

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. 1398

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPLACEMENT OF COASTAL BARRIER RESOURCES SYSTEM MAPS.

(a) IN GENERAL.—The 7 maps described in subsection (b) are replaced by 31 maps entitled ''Coastal Barrier Resources System, NC–03P'', designated as Cape Hatteras 5A through 5G, and dated May 26, 1999.

(b) MAPS DESCRIBED.—The maps described in this subsection are the 7 maps that—

(1) relate to the unit of the Coastal Barrier Resources System entitled ''Cape Hatteras NC–03P'';

(2) are designated as Cape Hatteras 5A through 5G; and

(3) are included in a set of maps entitled ''Coastal Barrier Resources System'', dated October 24, 1990, and referred to in section 4(a) of the Coastal Barrier Resources Act (16 U.S.C. 3503(a)).

(c) AVAILABILITY.—The Secretary of the Interior shall keep the maps that replace the maps described in subsection (b) on file and available for inspection in accordance with section 4(b) of the Coastal Barrier Resources Act (16 U.S.C. 3503(b)).

By Mr. DEWINE (for himself, Mr. DODD, Ms. SNOWE, Ms. LANDRIEU, Mr. REID, Mrs. BOXER, Mr. INOUYE, Mr. SARBANES, Mr. KENNEDY, and Mr. WELLSTONE):

S. 1399. A bill to amend title 38, United States Code, to provide that pay adjustments for nurses and certain other health-care professionals employed by the Department of Veterans Affairs shall be made in the manner applicable to Federal employees generally and to revise the authority for the Secretary of Veterans Affairs to make further locality pay adjustments for those professionals; to the Committee on Veterans' Affairs.

VA NURSE APPRECIATION ACT OF 1999

Mr. DEWINE. Mr. President, I rise today to introduce legislation to address a little known but very important issue within the Department of

Veterans Affairs. The legislation would correct an injustice suffered throughout this decade by a workforce of 39,000 dedicated nurses who devote their careers toward the caring of our nation's veterans. Due to an unintentional use of federal law, the VA has allowed nurses to go up to five years in a row without a single raise. In some cases, VA nurses have received pay cuts by as much as eight percent in a single year, or received a token raise of one-tenth of one percent. I am today, along with Senators DODD, SNOWE, LANDRIEU, REID, BOXER, INOUYE, SARBANES and KENNEDY, calling on Congress to put an end to this practice by passing the VA Nurse Appreciation Act.

We find ourselves in this situation because of unintended consequences. In 1990, Congress passed the Nurse Pay Act, which allowed VA medical center directors to give VA nurses higher annual pay raises than other federal employees on the General Schedule (GS). At the time, this well intentioned bill was needed to address a national nursing shortage in VA hospitals. However, after the shortage eased, many medical center directors used the discretion given to them by the law to provide minimal raises and even pay cuts. In my own state of Ohio, from 1996 to 1998, VA nurses in Columbus took a 2.8% pay cut, while federal employees in the same area received pay raises ranging from 2.4% to 3%. This clearly was not what Congress had in mind when it passed the 1990 Nurse Pay Act.

Unfortunately, the problem is widespread and knows no geographic boundaries. From 1996–1999, nurses at sixteen different VA medical centers had their pay rate cut by as much as eight percent, while other federal employees received annual GS increases ranging from 2.4% to 3.6% or more. In addition, from 1996–1999, no raises were given to Grade I, II or III nurses at approximately 80 VA medical centers around the country.

To address this wrong, the VA Nurse Appreciation Act. This bill would ensure that Title 38 nurses would be eligible to receive the same annual GS increase plus locality pay provided to all other federal employees in their area. The bill would preserve the essential purpose of the 1990 Nurse Pay Act by giving the VA Secretary the discretion to increase pay, or delegate this authority to VA medial center directors if they have trouble recruiting or retaining quality nurses.

Mr. President, what message are we sending to our veterans when we are not willing to pay the nurses that provide their daily care the same pay increases that every federal employee now receives. Congress should be dedicated to providing our veterans the best possible health services, and putting an emphasis on top quality nursing care is a right step in that direction. This bill would end the practice of discriminatory pay cuts by directors of VA medical facilities and provide the assurance of at least the GS raise received by all other federal employees. This bill is really about fairness. It would help those dedicated workers who have not been receiving regular pay raises for years. If we can pass this bill quickly, we can insure all VA nurses will receive a much-deserved pay raise in January 2000.

This bill is companion legislation to H.R. 1216, introduced by my colleague and friend from Ohio, Congressman LATOURETTE. It has the support of the American Nurses Association (ANA), the American Federation of Government Employees (AFGE) and the National Federation of Federal Employees (NFFE) along with various veterans groups, including the Disabled American Veterans and the Paralyzed Veterans of America. The LaTourette bill has bipartisan support from more than 70 House members, including 11 members of the House committee on Veterans' Affairs.

Congress now has the chance to right a wrong and show VA nurses that their compassion and dedication are appreciated. I urge my colleagues to support and cosponsor the VA Nurse Appreciation Act.

I ask unanimous consent that the text of the VA Nurse Appreciation Act and letters in support of the legislation be printed in the RECORD.

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

S. 1399

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 ''Department of Veterans Affairs Nurses Appreciation Act of 1999''.

SEC. 2. REVISED AUTHORITY FOR ADJUSTMENT OF BASIC PAY FOR NURSES AND CERTAIN OTHER HEALTH-CARE PROFESSIONALS OF THE DEPARTMENT OF VETERANS AFFAIRS.

(a) ANNUAL ADJUSTMENTS UNDER TITLE 5.—Section 7451 of title 38, United States Code, is amended—

(1) by striking subsections (d), (e), (f), and (g); and

(2) by adding after subsection (c) the following new subsection (d):

''(d) The rates of basic pay for each grade in a covered position shall (notwithstanding subsection (a)(3)(A)) be adjusted annually by the same percentages as the rates of pay under the General Schedule are adjusted pursuant to sections 5303 and 5304 of title 5. Adjustments under this subsection shall be effective on the same date as the annual adjustments made in accordance with such sections 5303 and 5304.''.

(b) REVISED TITLE 38 LOCALITY PAY AUTHORITY.—Such section is further amended by adding after subsection (d), as added by subsection (a) of this section, the following new subsection (e):

''(e)(1) Whenever after October 1, 2002, the Secretary determines that the rates of basic pay in effect for a grade of a covered position, as most recently adjusted under subsection (d), at a given Department health-care facility are inadequate to recruit or retain high-quality personnel in that grade at that facility, the Secretary shall in accordance with this subsection adjust the rates of basic pay for that grade at that facility.

''(2) An adjustment in rates of basic pay for a grade under this subsection shall be made by determining a minimum rate of basic pay for the grade and then adjusting the other rates of basic pay for the grade to conform to the requirements of subsection (c).

''(3)(A) The Secretary shall determine a minimum rate of basic pay for a grade for purposes of paragraph (2) so as to achieve consistency between the rates of basic pay for the grade at the facility concerned and the rates of compensation in the Bureau of Labor Statistics labor market in which the facility is located for non-Department health-care positions requiring education, training, and experience that is equivalent or similar to the education, training, and experience required for Department personnel in the grade at the facility.

''(B) The Secretary shall utilize the most current industry-wage survey of the Bureau of Labor Statistics for a labor market in meeting the objective specified in subparagraph (A).

''(C) For purposes of this paragraph, the term 'rate of compensation', with respect to health-care positions in non-Department health-care facilities, means the sum of—

''(i) the rate of pay for personnel in such positions; and

''(ii) any employee benefits (other than benefits similar to benefits received by employees in the covered position concerned) for those health-care positions to the extent that such employee benefits are reasonably quantifiable.

''(4) An adjustment under this subsection may not reduce any rate of basic pay.

''(5) An adjustment in rates of basic pay under this subsection shall take effect on the first day of the first pay period beginning after the date on which the adjustment is made.

''(6) The Secretary shall prescribe regulations providing for the adjustment of rates of basic pay for employees in covered positions in the Central and Regional Offices in order to assure the recruitment and retention of high-quality personnel in such positions in such offices. The regulations shall provide for such adjustment in a manner similar to the adjustment of rates of basic pay under this subsection.''.

(c) ANNUAL ADJUSTMENTS IN INCREASED RATES OF BASIC PAY.—Section 7455 of such title is amended—

(1) in subsection (a)(1), by striking ''and (d)'' and inserting ''(d), and (e)''; and

(2) by adding at the end the following:

''(e) Whenever an annual adjustment in rates of basic pay under sections 5303 and 5304 of title 5 becomes effective on or after the effective date of an increase in rates of basic pay under this section, the rates of basic pay as so increased under this section shall be adjusted in accordance with appropriate conversion rules prescribed under section 5305(f) of title 5, effective as of the effective date of such annual adjustment in rates of basic pay.''.

(d) CONFORMING AMENDMENT.—Subsection (c)(1) of section 7451 of such title is amended by striking the third sentence.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1999.

SEC. 3. SAVINGS PROVISION.

In the case of an employee of the Veterans Health Administration who on the day before the effective date of the amendment

made by section 2(a) is receiving a rate of pay by reason of the second sentence of section 7451(e) of title 38, United States Code, as in effect on that day, the provisions of the second and third sentences of that section, as in effect on that day, shall continue to apply to that employee, notwithstanding the amendment made by section 2(a).

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO,

Washington, DC, June 29, 1999.

DEAR SENATOR: On behalf of the American Federation of Government Employees, AFL–CIO, and the 600,000 federal employees we represent, I am writing to urge you to become an original co-sponsor of the Department of Veterans Affairs Nurses Appreciation Act of 1999. This bipartisan bill will be introduced by Senator MIKE DEWINE (R–OH) and Senator CHRIS DODD (D–CT).

The bill corrects an incongruity in the pay system for workers at the Department of Veterans Affairs (DVA) which has hurt nurses and other health care workers. For the last decade, the roughly 39,000 DVA nurses who care for our ailing veterans have been part of a unique, locality-based pay system that gives hospital directors discretion over nurses salaries. Unfortunately, this atypical discretion has been used to freeze nurse pay, provide minuscule annual raises and even cut pay rates by as much as 8% in a single year.

The Department of Veterans Affairs Nurses Appreciation Act, which is being introduced at the request of AFGE, will rectify the longstanding abuse of DVA nurses. It will put a permanent stop to wage freezes and negative pay adjustments. It will guarantee that DVA nurses and other health care employees receive the same general schedule (GS) increase plus locality pay given to virtually all other federal workers, including federal workers who work alongside our DVA nurses. Should the DVA have problems recruiting or retaining quality nurses in the future, the Secretary will have the flexibility to increase pay if necessary.

The primary purpose of this bill is to ensure that DVA employees who have been denied annual pay increases will start to be put on equal footing with their GS co-workers.

Veterans service organizations such as the Disabled American Veterans, the Vietnam Veterans of America, and the Paralyzed Veterans of America support passage of the Department of Veterans Affairs Nurses Appreciation Act of 1999.

Year after year, DVA nurses have lagged behind in pay increases, as compared to their GS co-workers. For example, in 1996, the average pay raise for nurses was 1.2 percent; compared to the 2.4 percent average increase received by their GS co-workers. In 1997, the average pay raise for nurses was again 1.2 percent, compared to the 3.0 percent average increase received by their GS co-workers. In 1998, the average pay raise for nurses was 2.2 percent, compared to the 2.9 percent average increase received by their GS co-workers. In 1999, the average pay raise for nurses was 3.0 percent, compared to the 3.6 percent average increase received by their GS co-workers. From 1996 through 1999, DVA nurses on average were denied a pay raise equal to 4.5 percent because of the current pay system for nurses.

DVA nurses, like their co-workers, deserve praise and respect for standing by our nation's veterans. As you may recall during the government shutdown DVA nurses and their co-workers took care of veterans without even knowing whether they would get paid.

Many DVA nurses could have pursued higher paying jobs in the private sector. Instead, most have chosen to stay with the DVA because they care deeply for our aging and ailing veterans and are earnestly committed to their specialized and patriotic work. In fact, most DVA nurses have dedicated their entire careers to caring for veterans. The average DVA nurse is a 47 year old female with 11 years of tenure.

DVA nurses, like their co-workers, provide not only a vital service for our nation's veterans, but honor veterans with compassion, respect and professional care. I urge you to demonstrate to these dedicated workers that their work is valued and appreciated by becoming an original co-sponsor of the Department of Veterans Affairs Nurse Appreciation Act. If you have any questions about this bill, please contact Mike Hall in Senator DeWine's office at 224–2315 or Dominic DelPozzo in Senator Dodd's office at 224–2823 or Linda Bennett in AFGE's Legislative Department at (202) 639–6413.

Sincerely,

BOBBY L. HARNAGE, SR.,
National President.

AMERICAN NURSES ASSOCIATION,

Washington, DC, June 11, 1999.

Hon. STEVEN C. LATOURETTE,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE LATOURETTE: The American Nurses Association (ANA) is pleased to support H.R. 1216, the VA Nurse Appreciation Act of 1999. While the Veterans Health Administration (VHA) has made some effort to address the implementation problems of the VA Nurse Locality Pay System, more significant and immediate action must be taken to ensure that VA registered nurses are appropriately paid for their expert work.

H.R. 1216 would allow for all Title 38 registered nurses, employed within the VHA, to receive the same pay adjustment provided all federal employees covered by the Federal Employees Pay Comparability Act (FEPCA). This pay adjustment would include both the nationwide component and a locality pay component. Passage of H.R. 1216 provides for this adjustment without requiring that VA registered nurses be placed on the General Schedule levels of one to fifteen.

ANA strongly supports the provision that provides additional authority, starting in 2002, to the Secretary of the Veterans Administration to adjust the rates of basic pay. This provision is necessary to ensure that the VA can continue to adequately recruit and retain registered nurses. The VA's inability to recruit and retain registered nurses was one of the primary reasons for passage of the original VA nurse locality pay bill. In the near future, nursing will again be facing a tightening labor market and the VA must be able to compete.

ANA applauds your efforts to address this significant problem and we stand ready to assist in anyway possible.

Sincerely,

MARJORIE VANDERBILT,
Director, Federal Government Relations.

• Mr. DODD. Mr. President, I rise today to join my colleague, Senator DEWINE, in introducing the Nurse Appreciation Act of 1999. It will alter the Department of Veterans Affairs' regulations regarding compensation rates for nurses. Unfortunately, the current regulations have led to hardship for many of our nation's VA nurses.

For example, from 1996 through 1999, nurses at 16 VA hospitals have seen their pay slashed by up to eight percent. Also, during those same years, nurses at 80 VA hospitals have not received a single raise. Meanwhile, other federal employees at all VA hospitals received the annual General Schedule increases of 2.4 percent to 3.6 percent. This nation cannot continue a policy of turning a blind eye to those who care for its sick and wounded veterans.

The Nurse Appreciation Act of 1999 will correct this injustice which seems to be an unintended consequence of the Nurses Pay Act of 1990. That law was written when VA hospitals faced a shortage of qualified nurses, and it gave hospital directors wide discretion in setting pay rates for nurses in their hospitals. The law partially served its purpose because it allowed directors to increase nurses' pay rates if they were having difficulty recruiting and retaining qualified nurses. Those who wrote the law, however, could not have anticipated that the VA would take advantage of the fact that the law did not mandate any minimum annual increase each year. They could not have anticipated that the law would be used to freeze or even reduce nurses' pay rates.

Over the past several years, a few factors emerged to create the inequity in VA nurses' compensation. First, the nurse shortage of a decade ago has subsided. Second, VA hospital directors and network directors have been granted more responsibility for their budgets. In other words, if hospital directors can save money by not providing an annual increase to nurses, then the directors can use that money for other purposes. Finally, to make matters worse, the funding that goes to these hospitals has been, in many cases, steady or decreasing over the past few years. I know, for example, that the two VA hospitals in Connecticut have not received a real funding increase in about three years. So the hospitals in Newington, West Haven, and in many other cities throughout the country must tighten their belts each year to absorb costs due to inflation.

The pressure to save money has caused many hospital directors to forgo providing even the slightest annual increase to nurses. Yet, hospital budget pressures have absolutely no bearing on whether other federal employees—including other veterans hospital employees—receive their annual salary increases. Those increases are prescribed by the federal government. This legislation just says that nurses should be treated the same as the others. It says that nurses should not bear a disproportionate share of the burden caused by stagnant budgets at our VA hospitals.

Apparently the VA believes that, in the absence of a nurse shortage, annual increases for nurses are unnecessary. But I do not subscribe to that reasoning. We should not wait for a crisis before we take action. If we get to the

point where some VA hospitals are unable to retain well-qualified nurses as a result of unbearably inadequate pay, we will have waited far too long and will have badly degraded services at our VA hospitals.

Furthermore, this nation has benefitted from a robust economy over the last several years. That economy has given a boost to nearly every segment of society. Clearly, though, despite the immense value of their work, many VA nurses have been left behind. Valuable work on behalf of this nation deserves, at a minimum, adequate compensation. This bill will provide that compensation and enable us to do right by our VA hospital nurses.●

By Mrs. BOXER (for herself, Mrs. MURRAY, Mr. KENNEDY, Mr. LAUTENBERG, and Mr. SCHUMER):

S. 1400. A bill to protect women's reproductive health and constitutional right to choice, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

FAMILY PLANNING AND CHOICE PROTECTION ACT OF 1999

Mrs. BOXER. Mr. President, when I entered the United States Senate in 1993, women's rights were strong and secure. That year alone, we passed the Violence Against Women Act, the Family and Medical Leave Act, and the Freedom of Access to Clinic Entrances Act. We lifted the gag rule, which freed up doctors to tell their patients that abortion is a legal option.

Things are quite different now. Since 1994, the tide has turned against women's rights, as there have been nearly 100 votes to restrict choice, and pro-choice forces have lost most of these votes.

Congress recently blocked women in the military and military dependents from using their own funds to obtain an abortion at military facilities. The House of Representatives voted to make it a crime for any adult to help a teenager travel to another state to avoid her home state's restrictive parental consent laws, and the Senate voted to prohibit women who work for the federal government from accessing health plans that offer abortion services.

At the same time, violence against clinics and health care workers is increasing. Last year, the Feminist Majority reported that nearly one out of four clinics faced severe anti-abortion violence including death threats, stalking, bomb threats, bombings, arson threats, arson, blockades, invasions, and chemical attacks.

In my own state of California, there have been 29 recorded incidents of violence against clinics since 1984. The firebombing of a women's health care clinic on July 2 in Sacramento serves as a grim reminder that this violence continues.

While there are many in the community and in Congress who have helped fight off assaults on women's health rights, playing defense is not enough. We need a positive agenda for women's health, choice and family planning if we hope to move the pendulum back the other way.

The Family Planning and Choice Protection Act of 1999 sets out such an agenda. This comprehensive bill is pro-choice, pro-family planning, and pro-women's health. It will improve family planning programs and services; strengthen women's right to choose; expand access to contraceptive coverage; protect patients and employees at reproductive health care facilities; and give law enforcement the resources needed to protect women's legal rights.

Mr. President, I urge my colleagues to support this legislation and to stand up for the women in their respective states who deserve to have their rights and health protected. I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1400

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 ''Family Planning and Choice Protection Act of 1999''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.

TITLE I—PREVENTION

Subtitle A—Family Planning

Sec. 101. Family planning amendments.
Sec. 102. Freedom of full disclosure.

Subtitle B—Prescription Equity and Contraceptive Coverage

Sec. 111. Short title.
Sec. 112. Findings.
Sec. 113. Amendments to the Employee Retirement Income Security Act of 1974.
Sec. 114. Amendments to the Public Health Service Act relating to the group market.
Sec. 115. Amendment to the Public Health Service Act relating to the individual market.
Sec. 116. FEHBP coverage.

Subtitle C—Emergency Contraceptives

Sec. 121. Emergency contraceptive education.

TITLE II—CHOICE PROTECTION

Sec. 201. Medicaid funding for abortion services.
Sec. 202. Clinic violence.
Sec. 203. Approval of RU–486.
Sec. 204. Freedom of choice.
Sec. 205. Fairness in insurance.
Sec. 206. Reproductive rights of women in the military.
Sec. 207. Repeal of certain State Child Health Insurance Program limitations.
Sec. 208. Funding for certain services for women in prison.
Sec. 209. Funding for certain services for women in the District of Columbia.
Sec. 210. Funding for certain services for women under the FEHBP.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Reproductive rights are central to the ability of women to exercise full enjoyment of rights secured to women by Federal and State law.

(2) Abortion has been a legal and constitutionally protected medical procedure throughout the United States since 1973 and has become part of mainstream medical practice as is evidenced by the positions of medical institutions including the American Medical Association, the American College of Obstetricians and Gynecologists, the American Medical Women's Association, the American Nurses Association, and the American Public Health Association.

(3) The availability of abortion services is diminishing throughout the United States, as evidenced by—

(A) the fact that 86 percent of counties in the United States have no abortion provider; and

(B) the fact that, between 1992 and 1996, the number of abortion providers decreased by 14 percent.

(4)(A) The Department of Health and Human Services and the Institute of Medicine of the National Academy of Sciences have contributed to the development of a report entitled ''Healthy People 2000'', which urges that the rate of unintended pregnancy in the United States be reduced by nearly 50 percent by the year 2000.

(B) Nearly 50 percent, or approximately 3,050,000, of all pregnancies in the United States each year are unintended, resulting in 1,370,000 abortions in the United States each year.

(C) The provision of family planning services, including emergency contraception, is a cost-effective way of reducing the number of unintended pregnancies and abortions in the United States.

TITLE I—PREVENTION

Subtitle A—Family Planning

SEC. 101. FAMILY PLANNING AMENDMENTS.

Section 1001(d) of the Public Health Service Act (42 U.S.C. 300(d)) is amended to read as follows:

''(d) For the purpose of making grants and entering into contracts under this section, there are authorized to be appropriated $500,000,000 for each of fiscal years 2000 through 2004.''.

SEC. 102. FREEDOM OF FULL DISCLOSURE.

Title XI of the Civil Rights Act of 1964 (42 U.S.C. 2000h et seq.) is amended by adding at the end the following:

''SEC. 1107. INFORMATION ABOUT AVAILABILITY OF REPRODUCTIVE HEALTH CARE SERVICES.

''(a) DEFINITION.—As used in this section, the term 'governmental authority' means any authority of the United States.

''(b) GENERAL AUTHORITY.—Notwithstanding any other provision of law, no governmental authority shall, in or through any program or activity that is administered or assisted by such authority and that provides health care services or information, limit the right of any person to provide, or the right of any person to receive, nonfraudulent information about the availability of reproductive health care services, including family planning, prenatal care, adoption, and abortion services.''.

Subtitle B—Prescription Equity and Contraceptive Coverage

SEC. 111. SHORT TITLE.

This subtitle may be cited as the ''Equity in Prescription Insurance and Contraceptive Coverage Act of 1999''.

SEC. 112. FINDINGS.

Congress finds that—

(1) each year, 3,000,000 pregnancies, or one half of all pregnancies, in this country are unintended;

(2) contraceptive services are part of basic health care, allowing families to both adequately space desired pregnancies and avoid unintended pregnancy;

(3) studies show that contraceptives are cost effective: for every $1 of public funds invested in family planning, $4 to $14 of public funds is saved in pregnancy and health care-related costs;

(4) by reducing rates of unintended pregnancy, contraceptives help reduce the need for abortion;

(5) unintended pregnancies lead to higher rates of infant mortality, low-birth weight, and maternal morbidity, and threaten the economic viability of families;

(6) the National Commission to Prevent Infant Mortality determined that ''infant mortality could be reduced by 10 percent if all women not desiring pregnancy used contraception'';

(7) most women in the United States, including three-quarters of women of childbearing age, rely on some form of private insurance (through their own employer, a family member's employer, or the individual market) to defray their medical expenses;

(8) the vast majority of private insurers cover prescription drugs, but many exclude coverage for prescription contraceptives;

(9) private insurance provides extremely limited coverage of contraceptives: half of traditional indemnity plans and preferred provider organizations, 20 percent of point-of-service networks, and 7 percent of health maintenance organizations cover no contraceptive methods other than sterilization;

(10) women of reproductive age spend 68 percent more than men on out-of-pocket health care costs, with contraceptives and reproductive health care services accounting for much of the difference;

(11) the lack of contraceptive coverage in health insurance places many effective forms of contraceptives beyond the financial reach of many women, leading to unintended pregnancies;

(12) the Institute of Medicine Committee on Unintended Pregnancy recommended that ''financial barriers to contraception be reduced by increasing the proportion of all health insurance policies that cover contraceptive services and supplies'';

(13) in 1998, Congress agreed to provide contraceptive coverage to the 2,000,000 women of reproductive age who are participating in the Federal Employees Health Benefits Program, the largest employer-sponsored health insurance plan in the world; and

(14) eight in 10 privately insured adults support contraceptive coverage.

SEC. 113. AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185 et seq.) is amended by adding at the end the following new section:

''SEC. 714. STANDARDS RELATING TO BENEFITS FOR CONTRACEPTIVES.

''(a) REQUIREMENTS FOR COVERAGE.—A group health plan, and a health insurance issuer providing health insurance coverage in connection with a group health plan, may not—

''(1) exclude or restrict benefits for prescription contraceptive drugs or devices approved by the Food and Drug Administration, or generic equivalents approved as substitutable by the Food and Drug Administration, if such plan provides benefits for other outpatient prescription drugs or devices; or

''(2) exclude or restrict benefits for outpatient contraceptive services if such plan provides benefits for other outpatient services provided by a health care professional (referred to in this section as 'outpatient health care services').

''(b) PROHIBITIONS.—A group health plan, and a health insurance issuer providing health insurance coverage in connection with a group health plan, may not—

''(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan because of the individual's or enrollee's use or potential use of items or services that are covered in accordance with the requirements of this section;

''(2) provide monetary payments or rebates to a covered individual to encourage such individual to accept less than the minimum protections available under this section;

''(3) penalize or otherwise reduce or limit the reimbursement of a health care professional because such professional prescribed contraceptive drugs or devices, or provided contraceptive services, described in subsection (a), in accordance with this section; or

''(4) provide incentives (monetary or otherwise) to a health care professional to induce such professional to withhold from a covered individual contraceptive drugs or devices, or contraceptive services, described in subsection (a).

''(c) RULES OF CONSTRUCTION.—

''(1) IN GENERAL.—Nothing in this section shall be construed—

''(A) as preventing a group health plan and a health insurance issuer providing health insurance coverage in connection with a group health plan from imposing deductibles, coinsurance, or other cost-sharing or limitations in relation to—

''(i) benefits for contraceptive drugs under the plan, except that such a deductible, coinsurance, or other cost-sharing or limitation for any such drug may not be greater than such a deductible, coinsurance, or cost-sharing or limitation for any outpatient prescription drug otherwise covered under the plan;

''(ii) benefits for contraceptive devices under the plan, except that such a deductible, coinsurance, or other cost-sharing or limitation for any such device may not be greater than such a deductible, coinsurance, or cost-sharing or limitation for any outpatient prescription device otherwise covered under the plan; and

''(iii) benefits for outpatient contraceptive services under the plan, except that such a deductible, coinsurance, or other cost-sharing or limitation for any such service may not be greater than such a deductible, coinsurance, or cost-sharing or limitation for any outpatient health care service otherwise covered under the plan; and

''(B) as requiring a group health plan and a health insurance issuer providing health insurance coverage in connection with a group health plan to cover experimental or investigational contraceptive drugs or devices, or experimental or investigational contraceptive services, described in subsection (a), except to the extent that the plan or issuer provides coverage for other experimental or investigational outpatient prescription drugs or devices, or experimental or investigational outpatient health care services.

''(2) LIMITATIONS.—As used in paragraph (1), the term 'limitation' includes—

''(A) in the case of a contraceptive drug or device, restricting the type of health care professionals that may prescribe such drugs or devices, utilization review provisions, and limits on the volume of prescription drugs or devices that may be obtained on the basis of a single consultation with a professional; or

''(B) in the case of an outpatient contraceptive service, restricting the type of health care professionals that may provide such services, utilization review provisions, requirements relating to second opinions prior to the coverage of such services, and requirements relating to preauthorizations prior to the coverage of such services.

''(d) NOTICE UNDER GROUP HEALTH PLAN.—The imposition of the requirements of this section shall be treated as a material modification in the terms of the plan described in section 102(a)(1), for purposes of assuring notice of such requirements under the plan, except that the summary description required to be provided under the last sentence of section 104(b)(1) with respect to such modification shall be provided by not later than 60 days after the first day of the first plan year in which such requirements apply.

''(e) PREEMPTION.—Nothing in this section shall be construed to preempt any provision of State law to the extent that such State law establishes, implements, or continues in effect any standard or requirement that provides protections for enrollees that are greater than the protections provided under this section.

''(f) DEFINITION.—In this section, the term 'outpatient contraceptive services' means consultations, examinations, procedures, and medical services, provided on an outpatient basis and related to the use of contraceptive methods (including natural family planning) to prevent an unintended pregnancy.''.

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 note) is amended by inserting after the item relating to section 713 the following new item:

''Sec. 714. Standards relating to benefits for contraceptives.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning on or after January 1, 2000.

SEC. 114. AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE GROUP MARKET.

(a) IN GENERAL.—Subpart 2 of part A of title XXVII of the Public Health Service Act (42 U.S.C. 300gg-4 et seq.) is amended by adding at the end the following new section:

''SEC. 2707. STANDARDS RELATING TO BENEFITS FOR CONTRACEPTIVES.

''(a) REQUIREMENTS FOR COVERAGE.—A group health plan, and a health insurance issuer providing health insurance coverage in connection with a group health plan, may not—

''(1) exclude or restrict benefits for prescription contraceptive drugs or devices approved by the Food and Drug Administration, or generic equivalents approved as substitutable by the Food and Drug Administration, if such plan provides benefits for other outpatient prescription drugs or devices; or

''(2) exclude or restrict benefits for outpatient contraceptive services if such plan provides benefits for other outpatient services provided by a health care professional

(referred to in this section as 'outpatient health care services').

''(b) PROHIBITIONS.—A group health plan, and a health insurance issuer providing health insurance coverage in connection with a group health plan, may not—

''(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan because of the individual's or enrollee's use or potential use of items or services that are covered in accordance with the requirements of this section;

''(2) provide monetary payments or rebates to a covered individual to encourage such individual to accept less than the minimum protections available under this section;

''(3) penalize or otherwise reduce or limit the reimbursement of a health care professional because such professional prescribed contraceptive drugs or devices, or provided contraceptive services, described in subsection (a), in accordance with this section; or

''(4) provide incentives (monetary or otherwise) to a health care professional to induce such professional to withhold from covered individual contraceptive drugs or devices, or contraceptive services, described in subsection (a).

''(c) RULES OF CONSTRUCTION.—

''(1) IN GENERAL.—Nothing in this section shall be construed—

''(A) as preventing a group health plan and a health insurance issuer providing health insurance coverage in connection with a group health plan from imposing deductibles, coinsurance, or other cost-sharing or limitations in relation to—

''(i) benefits for contraceptive drugs under the plan, except that such a deductible, coinsurance, or other cost-sharing or limitation for any such drug may not be greater than such a deductible, coinsurance, or cost-sharing or limitation for any outpatient prescription drug otherwise covered under the plan;

''(ii) benefits for contraceptive devices under the plan, except that such a deductible, coinsurance, or other cost-sharing or limitation for any such device may not be greater than such a deductible, coinsurance, or cost-sharing or limitation for any outpatient prescription device otherwise covered under the plan; and

''(iii) benefits for outpatient contraceptive services under the plan, except that such a deductible, coinsurance, or other cost-sharing or limitation for any such service may not be greater than such a deductible, coinsurance, or cost-sharing or limitation for any outpatient health care service otherwise covered under the plan; and

''(B) as requiring a group health plan and a health insurance issuer providing health insurance coverage in connection with a group health plan to cover experimental or investigational contraceptive drugs or devices, or experimental or investigational contraceptive services, described in subsection (a), except to the extent that the plan or issuer provides coverage for other experimental or investigational outpatient prescription drugs or devices, or experimental or investigational outpatient health care services.

''(2) LIMITATIONS.—As used in paragraph (1), the term 'limitation' includes—

''(A) in the case of a contraceptive drug or device, restricting the type of health care professionals that may prescribe such drugs or devices, utilization review provisions, and limits on the volume of prescription drugs or devices that may be obtained on the basis of a single consultation with a professional; or

''(B) in the case of an outpatient contraceptive service, restricting the type of health care professionals that may provide such services, utilization review provisions, requirements relating to second opinions prior to the coverage of such services, and requirements relating to preauthorizations prior to the coverage of such services.

''(d) NOTICE.—A group health plan under this part shall comply with the notice requirement under section 714(d) of the Employee Retirement Income Security Act of 1974 with respect to the requirements of this section as if such section applied to such plan.

''(e) PREEMPTION.—Nothing in this section shall be construed to preempt any provision of State law to the extent that such State law establishes, implements, or continues in effect any standard or requirement that provides protections for enrollees that are greater than the protections provided under this section.

''(f) DEFINITION.—In this section, the term 'outpatient contraceptive services' means consultations, examinations, procedures, and medical services, provided on an outpatient basis and related to the use of contraceptive methods (including natural family planning) to prevent an unintended pregnancy.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 2000.

SEC. 115. AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE INDIVIDUAL MARKET.

(a) IN GENERAL.—Part B of title XXVII of the Public Health Service Act (42 U.S.C. 300gg-41 et seq.) is amended—

(1) by redesignating the first subpart 3 (relating to other requirements) as subpart 2; and

(2) by adding at the end of subpart 2 the following new section:

''SEC. 2753. STANDARDS RELATING TO BENEFITS FOR CONTRACEPTIVES.

''The provisions of section 2707 shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as they apply to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after January 1, 2000.

SEC. 116. FEHBP COVERAGE.

(a) PROHIBITION.—No Federal funds may be used to enter into or renew a contract which includes a provision providing prescription drug coverage unless the contract also includes a provision for contraceptive coverage.

(b) LIMITATION.—Nothing in this section shall apply to a contract with—

(1) any of the following religious plans—

(A) SelectCare;

(B) Personal CaresHMO;

(C) Care Choices;

(D) OSF Health Plans, Inc.;

(E) Yellowstone Community Health Plan; and

(2) any existing or future plan, if the plan objects to such coverage on the basis of religious beliefs.

(c) REFUSAL TO PRESCRIBE.—In implementing this section, any plan that enters into or renews a contract under this section may not subject any individual to discrimination on the basis that the individual refuses to prescribe contraceptives because such activities would be contrary to the individual's religious beliefs or moral convictions.

Subtitle C—Emergency Contraceptives

SEC. 121. EMERGENCY CONTRACEPTIVE EDUCATION.

(a) DEFINITION.—In this section:

(1) EMERGENCY CONTRACEPTIVE.—The term ''emergency contraceptive'' means a drug or device (as the terms are defined in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321)) that is designed—

(A) to be used after sexual relations; and

(B) to prevent pregnancy, by preventing ovulation, fertilization of an egg, or implantation of an egg in a uterus.

(2) HEALTH CARE PROVIDER.—The term ''health care provider'' means anyone licensed or certified under State law to provide health care services who is operating within the scope of such license.

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(b) EMERGENCY CONTRACEPTIVE PUBLIC EDUCATION PROGRAM.—

(1) IN GENERAL.—The Secretary of Health and Human Services, acting through the Director of the Centers for Disease Control, shall develop and disseminate to the public information on emergency contraceptives.

(2) DEVELOPMENT AND DISSEMINATION.—The Secretary may develop and disseminate the information directly or through arrangements with nonprofit organizations, consumer groups, institutions of higher education, Federal, State, or local agencies, and clinics.

(3) INFORMATION.—The information shall include, at a minimum, information describing emergency contraceptives, and explaining the use, effects, efficacy, and availability of the contraceptives.

(c) EMERGENCY CONTRACEPTIVE INFORMATION PROGRAM FOR HEALTH CARE PROVIDERS.—

(1) IN GENERAL.—The Secretary of Health and Human Services, acting through the Administrator of the Health Resources and Services Administration, shall develop and disseminate to health care providers information on emergency contraceptives.

(2) INFORMATION.—The information shall include, at a minimum—

(A) information describing the use, effects, efficacy and availability of the contraceptives;

(B) a recommendation from the Secretary regarding the use of the contraceptives in appropriate cases; and

(C) information explaining how to obtain copies of the information developed under subsection (b), for distribution to the patients of the providers.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for the period consisting of fiscal years 2000 through 2002.

TITLE II—CHOICE PROTECTION

SEC. 201. MEDICAID FUNDING FOR ABORTION SERVICES.

Sections 508 and 509 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1999 (Public Law 105–277) are repealed.

SEC. 202. CLINIC VIOLENCE.

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

(1) Federal resources are necessary to ensure that women have safe access to reproductive health facilities and that health professionals can deliver services in a secure environment free from violence and threats of force.

(2) It is necessary and appropriate to use Federal resources to combat the nationwide campaign of violence and harassment against reproductive health centers.

(3) The Congress should support further increasing Federal resources to fully ensure the safety of health professionals, center staff, and all women using reproductive health center services and the family members of such persons.

(b) NATIONAL TASK FORCE ON VIOLENCE AGAINST HEALTH CARE PROVIDERS.—

(1) ESTABLISHMENT.—There is established within the Department of Justice a task force to be known as the ''Task Force on Violence Against Health Care Providers'' (referred to in this subsection as the ''Task Force'').

(2) COMPOSITION.—The Task Force shall be composed of at least 1 individual to be appointed by the Attorney General from each of the following:

(A) The Bureau of Alcohol, Tobacco and Firearms.

(B) The Federal Bureau of Investigation.

(C) The United States Marshal Service.

(D) The United States Postal Service.

(E) The Civil Rights Division of the Department of Justice.

(F) The Criminal Division of the Department of Justice.

(3) POWERS AND DUTIES.—The Task Force shall—

(A) coordinate investigative, prosecutorial and enforcement efforts of Federal, State and local governments in cases related to violence at reproductive health care facilities and violence against health care providers;

(B) under the direction of the Attorney General, conduct security assessments for reproductive health care facilities; and

(C) provide training for local law enforcement to appropriately address incidences of violence against reproductive health care facilities and provide methodologies for assessing risks and promoting security at reproductive health care facilities.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $2,000,000 for each fiscal year to carry out this subsection.

(c) GRANTS FOR CLINIC SECURITY.—

(1) IN GENERAL.—The Office of Justice Programs within the Department of Justice shall award grants to reproductive health care facilities to enable such facilities to enhance security and to purchase and install security devices.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, $5,000,000 for each of fiscal years 2000 through 2004 to carry out this subsection.

SEC. 203. APPROVAL OF RU–486.

The Secretary of Health and Human Services shall—

(1) ensure that a decision by the Food and Drug Administration to approve the drug called Mifepristone or RU–486 shall be made only on the basis provided in law; and

(2) assess initiatives by which the Department of Health and Human Services can promote the testing, licensing, and manufacturing in the United States of the drug or other antiprogestins.

SEC. 204. FREEDOM OF CHOICE.

(a) FINDINGS.—Congress finds the following:

(1) The 1973 Supreme Court decision in Roe v. Wade, 410 U.S. 113 (1973) established constitutionally based limits on the power of States to restrict the right of a woman to choose to terminate a pregnancy. Under the strict scrutiny standard enunciated in the Roe v. Wade decision, States were required to demonstrate that laws restricting the right of a woman to choose to terminate a pregnancy were the least restrictive means available to achieve a compelling State interest. Since 1992, the Supreme Court has no longer applied the strict scrutiny standard in reviewing challenges to the constitutionality of State laws restricting such rights.

(2) As a result of modifications made by the Supreme Court of the strict scrutiny standard enunciated in the Roe v. Wade decision, certain States have restricted the right of women to choose to terminate a pregnancy or to utilize some forms of contraception, and the restrictions operate cumulatively to—

(A)(i) increase the number of illegal or medically less safe abortions, often resulting in physical impairment, loss of reproductive capacity, or death to the women involved;

(ii) burden interstate and international commerce by forcing women to travel from States in which legal barriers render contraception or abortion unavailable or unsafe to other States or foreign nations;

(iii) interfere with freedom of travel between and among the various States;

(iv) burden the medical and economic resources of States that continue to provide women with access to safe and legal abortion; and

(v) interfere with the ability of medical professionals to provide health services;

(B) obstruct access to and use of contraceptive and other medical techniques that are part of interstate and international commerce;

(C) discriminate between women who are able to afford interstate and international travel and women who are not, a disproportionate number of whom belong to racial or ethnic minorities; and

(D) infringe on the ability of women to exercise full enjoyment of rights secured to women by Federal and State law, both statutory and constitutional.

(3) Although Congress may not by legislation create constitutional rights, Congress may, where authorized by a constitutional provision enumerating the powers of Congress and not prohibited by a constitutional provision, enact legislation to create and secure statutory rights in areas of legitimate national concern.

(4) Congress has the affirmative power under section 8 of article I of the Constitution and under section 5 of the 14th amendment to the Constitution to enact legislation to prohibit State interference with interstate commerce, liberty, or equal protection of the laws.

(b) PURPOSE.—The purpose of this section is to establish, as a statutory matter, limitations on the power of a State to restrict the freedom of a woman to terminate a pregnancy in order to achieve the same limitations on State action as were provided, as a constitutional matter, under the strict scrutiny standard of review enunciated in the Roe v. Wade decision.

(c) DEFINITION.—As used in this section, the term ''State'' includes the District of Columbia, the Commonwealth of Puerto Rico, and each other territory or possession of the United States.

(d) GENERAL AUTHORITY.—A State—

(1) may not restrict the freedom of a woman to choose whether or not to terminate a pregnancy before fetal viability;

(2) may restrict the freedom of a woman to choose whether or not to terminate a pregnancy after fetal viability unless such a termination is necessary to preserve the life or health of the woman; and

(3) may impose requirements on the performance of abortion procedures if such requirements are medically necessary to protect the health of women undergoing such procedures.

(e) RULES OF CONSTRUCTION.—Nothing in this section shall be construed to—

(1) prevent a State from promulgating regulations to protect unwilling individuals or private health care institutions from being required to participate in the performance of abortions to which the individuals or institutions are conscientiously opposed;

(2) prevent a State from promulgating regulations to permit the State to decline to pay for the performance of abortions; or

(3) prevent a State from promulgating regulations to require a minor to involve a parent, guardian, or other responsible adult before terminating a pregnancy;

so long as such regulations meet constitutional standards.

SEC. 205. FAIRNESS IN INSURANCE.

Notwithstanding any other provision of law, no Federal law shall be construed to prohibit a health plan from offering coverage for the full range of reproductive health care services, including abortion services.

SEC. 206. REPRODUCTIVE RIGHTS OF WOMEN IN THE MILITARY.

Section 1093 of title 10, United States Code, is amended—

(1) in subsection (a), by inserting before the period the following: ''or in a case in which the pregnancy involved is the result of an act of rape or incest or the abortion involved is medically necessary or appropriate'';

(2) by striking subsection (b); and

(3) by adding at the end the following:

''(b) ABORTIONS IN FACILITIES OVERSEAS.—Subsection (a) does not limit the performing of an abortion in a facility of the uniformed services located outside the 48 contiguous States of the United States if—

''(1) the cost of performing the abortion is fully paid from a source or sources other than funds available to the Department of Defense;

''(2) abortions are not prohibited by the laws of the jurisdiction where the facility is located; and

''(3) the abortion would otherwise be permitted under the laws applicable to the provision of health care to members and former members of the uniformed services and their dependents in such facility.''.

SEC. 207. REPEAL OF CERTAIN STATE CHILD HEALTH INSURANCE PROGRAM LIMITATIONS.

(a) IN GENERAL.—Section 2105(c) of the Social Security Act (42 U.S.C. 1397ee(c)) is amended—

(1) in paragraph (1), by striking '', and any health'' and all that follows through ''incest''; and

(2) by striking paragraph (7).

(b) CHILD HEALTH ASSISTANCE.—Section 2110(a)(16) of the Social Security Act (42 U.S.C. 1397jj(a)(16)) is amended by striking ''only if'' and all that follows and inserting ''services;''.

SEC. 208. FUNDING FOR CERTAIN SERVICES FOR WOMEN IN PRISON.

Sections 103 and 104 of title I of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999 (Public Law 105–277) are repealed.

SEC. 209. FUNDING FOR CERTAIN SERVICES FOR WOMEN IN THE DISTRICT OF COLUMBIA.

Section 131 of the District of Columbia Appropriations Act, 1999 (Public Law 105–277) is repealed.

SEC. 210. FUNDING FOR CERTAIN SERVICES FOR WOMEN UNDER THE FEHBP.

Sections 509 and 510 of the Treasury and General Government Appropriations Act, 1999 (Public Law 105–277) are repealed.

By Mr. GRAHAM (for himself, Mr. MACK, Mrs. BOXER, Mrs. FEINSTEIN, and Mr. BINGAMAN):

S. 1401. A bill to amend the Federal Crop Insurance Act to promote the development and use of affordable crop insurance policies designed to meet the specific needs of producers of specialty crops, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

SPECIALTY CROP INSURANCE ACT

● Mr. BINGAMAN. Mr. President, I rise to express my support for the legislation being introduced today. I am proud to be a co-sponsor of the Specialty Crop Insurance Act of 1999 with my colleagues, Senators GRAHAM, MACK, BOXER and FEINSTEIN. The outcome of this legislative effort will have a profound effect on the economic health and well-being of specialty crop producers in my state of New Mexico, as well as for farmers across the country.

Today's crop insurance program does not provide sufficient risk management protection to many specialty crop producers, leaving the growers vulnerable to risk. Specialty crops in New Mexico include chiles, pecans, lettuce, and pistachios. In fact, Dona Ana County ranks as the number one pecan-producing county in the nation according to a recent USDA census. And we produce 50% of the chiles used in the United States. However, at present, viable crop insurance policies which offer valid risk management protection are available for only a limited number of specialty crops. Many policies which are available fall short of reflecting the needs of producers. This means that the great majority of specialty crops farmers in this nation are without appropriate, adequate and affordable risk management protection. This legislation addresses the needs of those farmers who produce our fruits and vegetables, nuts, and greenhouse and nursery plants for affordable crop insurance policies.●

By Mrs. FEINSTEIN (for herself, Mr. REID, Mrs. BOXER, Mr. BRYAN, and Mrs. MURRAY):

S. 1403. A bill to amend chapter 3 of title 28, United States Code, to modify en banc procedures for the Ninth Circuit Court of Appeals, and for other purposes; to the Committee on the Judiciary.

NINTH CIRCUIT COURT OF APPEALS EN BANC PROCEDURES ACT OF 1999

Mrs. FEINSTEIN. Mr. President. I am pleased to introduce the ''Ninth Circuit Court of Appeals En Banc Procedures Act of 1999.''

As the largest circuit in the country, the Ninth Circuit faces unique difficulties. While this size has certain advantages, including creating a uniform body of federal law along the Pacific Coast of the United States, it also creates organizational and procedural challenges which must be addressed for the court to do its job effectively. The bill I am introducing today requires organizational and procedural reforms which will help the court to meet these challenges.

The United States Department of Justice, which is the most frequent litigant before the Ninth Circuit—participating in 40% of its cases—has specifically identified reform of the en banc review process as critical to resolving the existing problems on the Ninth Circuit.

''From our perspective as litigants, the Ninth Circuit's shortcoming is traceable not principally to its large number of judges or geographical size, but rather to its failure effectively to address erroneous panel decisions in important cases . . . .''

The ''Ninth Circuit Court of Appeals En Banc Procedure Act'' will institute three major changes to Ninth Circuit court procedures: (1) it reduces the number of judges required to call for an en banc hearing; (2) it increases the size of en banc panels from 11 to a majority of the Circuit; and (3) it requires the establishment of a system of regional calendaring.

First, this legislation would grant the Ninth Circuit a dispensation to lower the statutory requirement that a majority of the Circuit's active-service judges must vote affirmatively to rehear a case en banc. Instead, 40 percent of the judges sitting on the Ninth Circuit would be sufficient to request an en banc hearing.

In recent years, too many en banc requests at the Ninth Circuit have been disregarded by the Court. In 1996, the Ninth Circuit voted on 25 en banc requests by its judges, but only agreed to 12 en banc hearings. In 1997, the Ninth Circuit considered 39 en banc requests, but only held 19 hearings. In 1998, the Ninth Circuit entertained 45 en banc requests, but the Circuit only agreed to hold 16 en banc panels.

The Supreme Court, our nation's highest and most venerated court, requires less than a majority of its members to consider a case. It is simply common sense that the Ninth Circuit should not have a higher burden for hearing a case en banc than the Supreme Court uses to grant certiorari.

Lowering the bar to en banc hearings will enable the Ninth Circuit to resolve a greater percentage of conflicts before they reach the Supreme Court.

A second provision of this legislation will increase the size of Ninth Circuit en banc panels from the current 11 judges to a majority of the Ninth Circuit. Except for the Ninth, the Fifth, and the Sixth circuits, all en banc panels sit as an entire court. Eleven judges selected from a 28 judge circuit are insufficient to give litigants or the general public confidence that an en banc decision reflects the views of the entire circuit. By increasing the size of the panels, the Ninth Circuit will have more judges to raise, identify, and resolve potential conflicts in controversial cases.

Critics have also objected to the Ninth Circuit because of its geographical expanse, as it ranges from Hawaii to Alaska to Arizona. It is charged that judges unfamiliar with the history of a particular region often sit on panels that decide regional issues.

The Federal courts are a national court, with a responsibility to apply a single, coherent Federal law across the states. The states of the Ninth Circuit have benefitted from this harmonizing influence. For example, the Ninth Circuit has created a consistent body of maritime law on the West Coast.

At the same time, to address both the appearance of regional bias and any actual regional bias that does exist, this bill would require the Ninth Circuit to have geographical representation on its panels.

The Ninth Circuit presently has three administrative units—a Northern, a Southern, and a Central unit. Under this legislation, at least one judge from the particular geographic unit would be assigned to cases arising in that unit. Thus, if an appeal was filed in Alaska, a judge from the Northern region would sit on the case. Similarly, if an appeal was filed in San Francisco, a Central region judge would sit on the case.

To the degree that the Ninth Circuit has stepped outside the mainstream of jurisprudence, this legislation enacts reforms that will help corral stray decisions. I look forward to working with my fellow Senate and House colleagues in enacting this reform.

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. 1403

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 ''Ninth Circuit Court of Appeals En Banc Procedures Act of 1999''.

SEC. 2. NINTH CIRCUIT EN BANC PROCEDURES.

(a) IN GENERAL.—Section 46 of title 28, United States Code, is amended—

(1) in subsection (d)—

(A) by striking ''paragraph (c)'' and inserting ''subsection (c) or (d)''; and

(B) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

''(d)(1) Notwithstanding the first sentence of subsection (c), 40 percent or more of the circuit judges of the Ninth Circuit Court of Appeals who are in regular active service may order a hearing or rehearing before the court en banc for such circuit.

''(2) Notwithstanding the second sentence of subsection (c) or section 6 of the Act entitled ''An Act to provide for the appointment of additional district and circuit judges, and for other purposes'', approved October 20, 1978 (28 U.S.C. 41 note; Public Law 95–486; 92 Stat. 1633) a majority of the circuit judges of the Ninth Circuit Court of Appeals who are in regular active service shall be required to sit on a court en banc for such circuit.

''(3) The Ninth Circuit Court of Appeals shall be organized in no less than 3 administrative units based on geographic regions. Each panel of the Ninth Circuit Court of Appeals shall be assigned to an administrative unit. In any case or controversy heard by any panel of an administrative unit of the Ninth Circuit Court of Appeals, at least 1 judge of that administrative unit shall be assigned to that panel.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 6 of the Act entitled ''An Act to provide for the appointment of additional district and circuit judges, and for other purposes'', approved October 20, 1978 (28 U.S.C. 41 note; Public Law 95–486; 92 Stat. 1933) is amended by striking ''Any court of appeals'' and inserting ''Subject to section 46(d)(2) of title 28, United States Code, any court of appeals''.

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall take effect 60 days after the date of enactment of this Act.

By Mr. ROBB (for himself, Mr. WARNER, Mr. SARBANES, and Ms. MIKULSKI):

S. 1404. A bill to amend the Internal Revenue Code of 1986 to authorize expenditures from the Highway Trust Fund for the Woodrow Wilson Memorial Bridge Project for fiscal years 2004 through 2007, and for other purposes; to the Committee on Finance.

WOODROW WILSON BRIDGE FUNDING ACT

By Mr. WARNER (for himself, Mr. ROBB, Mr. SARBANES, and Ms. MIKULSKI):

S. 1405. A bill to amend the Woodrow Wilson Memorial Bridge Authority Act of 1995 to provide an authorization of contract authority for fiscal years 2004 through 2007, and for other purposes; to the Committee on Environment and Public Works.

WOODROW WILSON BRIDGE FINANCING ACT

Mr. ROBB. Mr. President, I'm pleased to introduce legislation today to provide additional federal funding for the Woodrow Wilson Bridge. The legislation, the Woodrow Wilson Bridge Funding Act, has been cosponsored by the other three Senators from this region, Senators WARNER, SARBANES and MIKULSKI. We have worked well as a team. And I thank Senator WARNER, who will introduce corresponding legislation that authorizes the funding to go to the bridge project, which I am also pleased to cosponsor.

These two bills complete the job that was started in the TEA–21 legislation we passed last year. In that bill, the Administration agreed to support $900 million for the bridge. I commend my senior colleague for his tireless efforts to secure those funds. But even with the funding provided by TEA–21, the amount of funding available for the bridge fell $1 billion short of what is needed to build it.

Since the passage of the highway bill, I have been pressing the Administration to recognize the federal obligation which is owed to this federally-owned bridge. During the past few months of fits and starts on this project, I have focused on funding as the most serious long-term threat to rebuilding the bridge. I've spoken to Secretary Slater, written letters to the Secretary and OMB Director Jack Lew, and my office has been in constant contact with the Department of Transportation urging a solution to our funding shortfall.

So I was gratified when the Administration proposed a solution reflected in the bills we are introducing today. After receiving the Administration's proposed legislation and consulting with the entire regional delegation, from both sides of the aisle and both sides of the Potomac River, we decided to divide the legislation into two bills, which will be referred separately to the two committees with primary interest in the legislation. The bill I'm introducing allows direct payments from the Highway Trust Fund to be used to finish this project. It will be referred to the Finance Committee, on which I sit, and I look forward to working with my colleagues on that committee to move this legislation forward. Senator WARNER's bill will be referred to the Environment and Public Works Committee, on which he sits.

Together, these two bills will solve the remaining financing problem facing the Woodrow Wilson bridge. By securing Administration support in advance, we have already travelled a significant distance toward getting a bill that can be signed into law. And it is my hope we can move quickly in the Congress to fill this fiscal pothole.

Mr. President, I ask unanimous consent that the two bills be printed consecutively in the RECORD.

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

S. 1404

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 ''Woodrow Wilson Memorial Bridge Funding Act of 1999''.

SEC. 2. AMENDMENT OF TRUST FUND CODE.

Section 9503(c)(1) of the Internal Revenue Code of 1986 (relating to expenditures from the Highway Trust Fund) is amended—

(1) in the first sentence—

(A) by inserting ''(except for expenditures provided for under subparagraph (F))'' after ''2003'';

(B) in subparagraph (D), by striking ''or'' at the end;

(C) in subparagraph (E), by striking the period at the end and inserting '', or''; and

(D) by adding at the end the following:

''(F) authorized to be paid out of the Highway Trust Fund under the Woodrow Wilson Memorial Bridge Authority Act of 1995 (109 Stat. 627).''; and

(2) in the second sentence, by striking ''TEA 21 Restoration Act'' and inserting ''Woodrow Wilson Bridge Financing Act of 1999''.

S. 1405

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 ''Woodrow Wilson Bridge Financing Act of 1999''.

SEC. 2. ADVANCE AUTHORIZATION OF CONTRACT AUTHORITY FOR THE WOODROW WILSON BRIDGE.

(a) FEDERAL CONTRIBUTION.—Section 412(a)(1) of the Woodrow Wilson Memorial Bridge Authority Act of 1995 (109 Stat. 627; 112 Stat. 159) is amended—

(1) by striking ''2002, and'' and inserting ''2002,''; and

(2) by inserting '', and $150,000,000 for each of fiscal years 2004 through 2007'' after ''2003''.

(b) LIMITATION ON FEDERAL CONTRIBUTION.—Section 412 of the Woodrow Wilson Memorial Bridge Authority Act of 1995 (109 Stat. 627; 112 Stat. 159) is amended by adding at the end the following:

''(d) LIMITATION ON FEDERAL CONTRIBUTION.—The total amount made available from the Highway Trust Fund under this section shall not exceed $1,500,000,000. Amounts from the Highway Trust Fund for the Project in excess of $1,500,000,000 shall be provided by the Capital Region jurisdictions.

''(e) CONTRIBUTIONS BY CAPITAL REGION JURISDICTIONS.—

''(1) IN GENERAL.—For each of fiscal years 2004 through 2007, every $1 provided from the Highway Trust Fund under this section shall be matched by at least $0.67 provided by the Capital Region jurisdictions from amounts made available to the jurisdictions under title 23, United States Code, or from other sources available to the jurisdictions.

''(2) ALLOCATION.—The Capital Region jurisdictions shall allocate payment of the matching funds required under paragraph (1) as the jurisdictions determine to be appropriate.''.

Mr. WARNER. Mr. President, I rise to introduce today legislation to complete the commitment to finance the federal share of the cost of constructing the new Woodrow Wilson bridge.

As my colleagues are aware, this 40-year-old bridge which links Interstate 495 between Maryland and Virginia, is owned by the federal government. For over a decade, the U.S. Federal Highway Administration, the District of Columbia, Maryland, Virginia and affected local governments have conducted an extensive public process to select a design for a replacement facility for the Wilson bridge.

The Record of Decision on the Environmental Impact Statement selected

an alternative for a 12-lane bridge, of which 10 lanes are for all traffic and 2 lanes are dedicated for HOV.

The Transportation Equity Act for the 21st Century, TEA–21, provides $900 million for planning, engineering, design and construction from 1998 through 2003 for this design. This funding level represents approximately half of the estimated total project cost of $1.9 billion.

The legislation I am introducing today, along with my Senate colleagues, Senator ROBB, Senator SARBANES and Senator MIKULSKI, provides the final installment of federal funds for the project. Also, this legislation has been reviewed by the Administration and it compliments the legislation requested by the Administration earlier this month.

Specifically, the bill provides a total of $600 million from the Highway Trust Fund in fiscal years 2004 through 2007, at an annual funding level of $150 million. Our bill adds a requirement not present in the Administration's bill that Maryland, Virginia and the District of Columbia must provide $400 million before any of the funds can be obligated.

The requirement for matching funds from the capital region jurisdictions ensures that the total project cost of $1.9 billion is fully financed. Also, this matching provision responds to a major issue that came before a federal court earlier this year. In that litigation, the court ruled that the project had not fully met the transportation conformity requirements of the Clean Air Act. Conformity requires that sources of funding for transportation projects be identified and that state transportation plans for building transportation projects ''conform'' with state implementation plans designed to meet air quality standards.

Mr. President, the funding provided in this legislation also ensures that this project will receive the same financial treatment as other highway construction projects around the nation. Under TEA–21 and prior federal transportation laws, 20 percent of state funds are required to match 80 percent of federal dollars used on any highway construction project on the federal-aid system. This 80 percent federal/20 percent state requirement will now be applied to the Wilson bridge project when this legislation is enacted.

Mr. President, now is the time to act on this legislation. The project is at a critical juncture as we work to meet the construction schedule. While the funds authorized in this bill will not be available until 2004 through 2007, full funding must be identified and committed now before any construction can begin. The current schedule is for construction to begin by the fall of 2000.

Let me be clear to my colleagues that this legislation continues all of the requirements set for the capital region jurisdictions established in TEA–21. Specifically, Virginia, Maryland and the District of Columbia must develop a financial plan and enter into an agreement with the federal government to determine which jurisdiction will take title to the new bridge.

Also, this legislation does not waive any federal environmental laws. Those issues are before federal court and efforts to resolve them are ongoing between the Federal Highway Administration and the plaintiffs.

As it has been stated previously, the useful life of the current bridge is nearly expired. Daily traffic of over 175,000 vehicles per day is causing irreparable damage to the bridge structure. It is prohibitively expensive to continue spending scarce transportation dollars to repair the bridge when its projected lifespan is rapidly expiring. The Federal Highway Administration has confirmed that we can keep the bridge open to all traffic until about the year 2004, but those estimates can change overnight as monthly safety inspections reveal continuing damage.

Today, we are introducing two bills in the Senate to accomplish this funding initiative because of the committee jurisdictional issues. As a member of the Environment and Public Works Committee, I am sponsoring the bill to provide $600 million from the Highway Trust Fund beginning in 2004. My colleague, Senator ROBB, as a member of the Finance Committee, will be introducing legislation to permit these Highway Trust Fund dollars to be obligated in 2004 and beyond. Current tax law limits the obligation of new Highway Trust Fund dollars beyond the current TEA–21 authorization period of 2003.

Ms. MIKULSKI. Mr. President, I rise as a cosponsor of the Woodrow Wilson Bridge Financing Act of 1999.

The Woodrow Wilson bridge is the only federal bridge in the country. This bridge used to be a bridge over troubled water. Now it is a troubled bridge over the Potomac River. We need a new bridge—not only because of the significant increase in the volume of commuters, interstate travelers and trucks that use the bridge, but also for public safety. The construction of this bridge must be completed in a timely way.

I support this legislation for two reasons. First, it provides the funding that we need to finish constructing the Woodrow Wilson bridge. Second, it makes the project compliant with the Clean Air Act as required by the U.S. District Court for the District of Columbia.

Specifically, this legislation provides the authorization for an additional $600 million for the bridge. This $600 million is in addition to the $900 million that has already been committed by the federal government. It will provide $150 million per year from 2004 to 2007.

The legislation also commits the surrounding states to contribute their fair share to the construction of the bridge. Since federal funding makes up 80% of the cost of the bridge, the Capitol Region jurisdictions are committed to providing the remaining 20%. In fact, the states have to provide at least $0.67 for every $1 provided from the Highway Trust fund. Together, the federal and state governments will be able to provide what we need to build the bridge.

The Woodrow Wilson Bridge Financing Act of 1999 is an innovative, creative and resourceful response to what was once a big problem for the entire metropolitan area. I urge my colleagues to join me in supporting this important legislation.

Mr. SARBANES. Mr. President, I am pleased to join with my colleagues, Senators ROBB, WARNER and MIKULSKI, as an original co-sponsor of these two measures providing the additional financing necessary for the replacement of the Woodrow Wilson Bridge. The proposed $600 million in new funding authorized in these measures, combined with the $900 million already made available under the Transportation Equity Act for the 21st Century (TEA–21), will enable us to move ahead with constructing this vital link in our region's and nation's transportation system.

Mr. President, everyone who commutes to work in the Washington Metropolitan area or who travels on Interstate 95 knows what a serious traffic and safety problem we have in the area of the Woodrow Wilson Bridge. The bridge is one of the worst bottlenecks on the interstate system. It is carrying traffic volumes far in excess of its designed capacity. Originally constructed in 1961 to carry 70,000 vehicles per day, the bridge now averages 176,000 vehicles daily. It is rapidly approaching the end of its service life. In fact in 1994, the Federal Highway Administration determined that due to the age of the facility, the structural deterioration and traffic demand, the existing bridge would not last much beyond 2004 even with additional repairs. The substandard condition of the bridge and resulting congestion means accidents—at a rate of twice that for other segments of the Capital Beltway—and significant delays for commuters, interstate truckers, tourists, businesses and employers alike. With traffic volumes in the area projected to nearly double in the next 20 years, there has been a clear need to address this problem.

In 1996, after many years of intensive study, the Wilson Bridge Coordination Committee, comprised of federal, state and local officials, recommended a 12-lane drawbridge and reconstructing approaches and adjacent interchanges as the preferred alternative for the replacement structure, at an estimated cost of $1.6 billion. Since then, there has been much discussion and debate

about the size and cost of the facility as well as how the new bridge would be paid for and I would like to make several points:

First, the project is a federal responsibility. The bridge is owned by the Federal government. In fact, it is the only federally-owned bridge on the interstate system. Funding provided for it should be commensurate with the federal ownership of the bridge.

Second, the replacement bridge must be built in accordance with the same standards as applied to bridges owned by state jurisdictions. Just replacing the existing structure is not an acceptable option because it would continue the current bottleneck at the bridge and because it would not meet the Federal Highway Administration's own guidelines which require states in building new structures to meet projected future carrying capacity needs. This means the replacement structure must be able to accommodate current as well as projected future traffic growth and that the related interchanges and approaches to the bridge should match the new bridge. It should also provide for pedestrian and bicycle access as well as accommodate future transit useage. What is needed is not a quick fix that we will have to revisit in several years, but a long term solution that will carry us well into the next century.

Third, we should not lose sight of the fact that if a replacement is not undertaken in the very near future, it will be necessary to impose significant restrictions on the use of the existing bridge and this will have enormous economic and transportation related consequences throughout the entire region.

Last year we took a significant step forward in replacing the Woodrow Wilson Bridge by authorizing $900 million in new contract authority in TEA–21. The legislation which we are introducing today, when enacted, will help ensure that the federal responsibility to this bridge is met, and that it will meet the region's needs as we move into the next century.

I want to commend Secretary Slater and his staff at the Department of Transportation for their support and assistance in developing this legislation and I urge my collegues to join me in supporting this measure.

ADDITIONAL COSPONSORS

S. 12

At the request of Mrs. HUTCHISON, the names of the Senator from Pennsylvania (Mr. SANTORUM) and the Senator from Wyoming (Mr. ENZI) were added as cosponsors of S. 12, a bill to amend the Internal Revenue Code of 1986 to eliminate the marriage penalty by providing that income tax rate bracket amounts, and the amount of the standard deduction, for joint returns shall be twice the amounts applicable to unmarried individuals.

S. 61

At the request of Mr. DEWINE, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 61, a bill to amend the Tariff Act of 1930 to eliminate disincentives to fair trade conditions.

S. 285

At the request of Mr. MCCAIN, the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of S. 285, a bill to amend title II of the Social Security Act to restore the link between the maximum amount of earnings by blind individuals permitted without demonstrating ability to engage in substantial gainful activity and the exempt amount permitted in determining excess earnings under the earnings test.

S. 456

At the request of Mr. CONRAD, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 456, a bill to amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for information technology training expenses paid or incurred by the employer, and for other purposes.

S. 607

At the request of Mr. CRAIG, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 607, a bill reauthorize and amend the National Geologic Mapping Act of 1992.

S. 620

At the request of Mr. SARBANES, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 620, a bill to grant a Federal charter to Korean War Veterans Association, Incorporated, and for other purposes.

S. 631

At the request of Mr. DEWINE, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 631, a bill to amend the Social Security Act to eliminate the time limitation on benefits for immunosuppressive drugs under the medicare program, to provide continued entitlement for such drugs for certain individuals after medicare benefits end, and to extend certain medicare secondary payer requirements.

S. 664

At the request of Mr. CHAFEE, the names of the Senator from Ohio (Mr. DEWINE) and the Senator from Kentucky (Mr. MCCONNELL) were added as cosponsors of S. 664, a bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

S. 761

At the request of Mr. ABRAHAM, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 761, a bill to regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and for other purposes.

S. 765

At the request of Ms. COLLINS, the name of the Senator from New Hampshire (Mr. SMITH) was added as a cosponsor of S. 765, a bill to ensure the efficient allocation of telephone numbers.

S. 798

At the request of Mr. MCCAIN, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 798, a bill to promote electronic commerce by encouraging and facilitating the use of encryption in interstate commerce consistent with the protection of national security, and for other purposes.

S. 801

At the request of Mr. SANTORUM, the name of the Senator from Colorado (Mr. CAMPBELL) was added as a cosponsor of S. 801, a bill to amend the Internal Revenue Code of 1986 to reduce the tax on beer to its pre-1991 level.

S. 820

At the request of Mr. BREAUX, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 820, a bill to amend the Internal Revenue Code of 1986 to repeal the 4.3-cent motor fuel excise taxes on railroads and inland waterway transportation which remain in the general fund of the Treasury.

S. 847

At the request of Ms. MIKULSKI, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 847, a bill to amend title XVIII of the Social Security Act to exclude clinical social worker services from coverage under the medicare skilled nursing facility prospective payment system.

S. 879

At the request of Mr. CONRAD, the name of the Senator from Nevada (Mr. BRYAN) was added as a cosponsor of S. 879, a bill to amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain leashold improvements.

S. 907

At the request of Mr. SMITH, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 907, a bill to protect the right to life of each born and preborn human person in existence at fertilization.

S. 1017

At the request of Mr. MACK, the names of the Senator from Colorado (Mr. CAMPBELL) and the Senator from New Mexico (Mr. BINGAMAN) were added as cosponsors of S. 1017, a bill to

amend the Internal Revenue Code of 1986 to increase the State ceiling on the low- income housing credit.

S. 1086

At the request of Mrs. HUTCHISON, the names of the Senator from South Dakota (Mr. JOHNSON), the Senator from Alabama (Mr. SHELBY), the Senator from Colorado (Mr. ALLARD), the Senator from Michigan (Mr. LEVIN), the Senator from Arkansas (Mrs. LINCOLN), the Senator from Montana (Mr. BURNS), and the Senator from Connecticut (Mr. DODD) were added as cosponsors of S. 1086, a bill to amend the Internal Revenue Code of 1986 to waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

S. 1114

At the request of Mr. ENZI, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 1114, a bill to amend the Federal Mine Safety and Health Act of 1977 to establish a more cooperative and effective method for rulemaking that takes into account the special needs and concerns of smaller miners.

S. 1165

At the request of Mr. MACK, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 1165, a bill to amend the Internal Revenue Code of 1986 to repeal the limitation on the amount of receipts attributable to military property which may be treated as exempt foreign trade income.

S. 1207

At the request of Mr. KOHL, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. 1207, a bill to amend the Internal Revenue Code of 1986 to ensure that income averaging for farmers not increase a farmer's liability for the alternative minimum tax.

S. 1272

At the request of Mr. NICKLES, the names of the Senator from Arkansas (Mr. HUTCHINSON), the Senator from Connecticut (Mr. DODD), the Senator from Montana (Mr. BURNS), and the Senator from New Hampshire (Mr. SMITH) were added as cosponsors of S. 1272, a bill to amend the Controlled Substances Act to promote pain management and palliative care without permitting assisted suicide and euthanasia, and for other purposes.

S. 1277

At the request of Mr. BAUCUS, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1277, a bill to amend title XIX of the Social Security Act to establish a new prospective payment system for Federally-qualified health centers and rural health clinics.

S. 1296

At the request of Mr. LAUTENBERG, the name of the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of S. 1296, a bill to designate portions of the lower Delaware River and associated tributaries as a component of the National Wild and Scenic Rivers System.

S. 1310

At the request of Ms. COLLINS, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1310, a bill to amend title XVIII of the Social Security Act to modify the interim payment system for home health services, and for other purposes.

S. 1334

At the request of Mr. AKAKA, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 1334, a bill to amend chapter 63 of title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

S. 1345

At the request of Mr. LAUTENBERG, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1345, a bill to amend title 18, United States Code, to prohibit certain interstate conduct relating to exotic animals.

S. 1381

At the request of Mr. COCHRAN, the name of the Senator from Alabama (Mr. SHELBY) was added as a cosponsor of S. 1381, a bill to amend the Internal Revenue Code of 1986 to establish a 5-year recovery period for petroleum storage facilities.

S. 1391

At the request of Mr. INOUYE, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 1391, a bill to amend title 38, United States Code, to improve benefits for Filipino veterans of World War II, and for other purposes.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. CONRAD, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution expressing the sense of Congress regarding the guaranteed coverage of chiropractic services under the Medicare+Choice program.

SENATE RESOLUTION 87

At the request of Mr. DURBIN, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of Senate Resolution 87, a resolution commemorating the 60th Anniversary of the International Visitors Program

SENATE RESOLUTION 118

At the request of Mr. REID, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of Senate Resolution 118, a resolution designating December 12, 1999, as ''National Children's Memorial Day.''

SENATE CONCURRENT RESOLUTION 45—EXPRESSING THE SENSE OF CONGRESS THAT THE JULY 20, 1999, 30TH ANNIVERSARY OF THE FIRST LUNAR LANDING SHOULD BE A DAY OF CELEBRATION AND REFLECTION ON THE APOLLO–11 MISSION TO THE MOON AND THE ACCOMPLISHMENTS OF THE APOLLO PROGRAM THROUGHOUT THE 1960'S AND 1970'S

Mr. SHELBY (for himself, Mr. SESSIONS, Mrs. HUTCHISON, Mr. SMITH of New Hampshire, Mr. GRAHAM, Mrs. BOXER, Mr. STEVENS, Mr. ABRAHAM, Mr. ALLARD, Mr. BUNNING, Mr. GRAMS, Mr. LOTT, Mr. JOHNSON, Mr. BREAUX, Mr. GRASSLEY, Ms. COLLINS, Mr. BURNS, Mr. BYRD, Mr. BROWNBACK, Mr. HAGEL, Mr. COVERDELL, Mr. HELMS, Mr. SPECTER, Mr. THURMOND, Mr. THOMAS, Mr. DEWINE, Mr. FEINGOLD, Mr. ENZI, and Mr. GREGG) submitted the following resolutioin which was referred to the Committee on the Judiciary:

S. CON. RES. 45

Whereas the Apollo-11 mission successfully landed a manned spacecraft on the Moon on July 20, 1969, marking the first time in history that humans have walked on the surface of the Moon or any other planet;

Whereas the 6 Apollo missions successfully departed Earth aboard a Saturn V Rocket, the largest and most powerful American rocket ever produced, en route to the Moon;

Whereas 12 Americans successfully landed on the surface of the Moon where they performed various experiments and collected samples for study, and planted the flag of the United States of America in the lunar soil achieving a milestone in American and human history;

Whereas the contributions of other Americans who made up the thousands of contractors and Government employees who worked on the Apollo program are recognized; and

Whereas the events of the Apollo missions are examples of the great achievements of the American space program reflecting the explorer's spirit of the American people: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's.

SENATE CONCURRENT RESOLUTION 46—EXPRESSING THE SENSE OF CONGRESS THAT THE JULY 20, 1999, 30TH ANNIVERSARY OF THE FIRST LUNAR LANDING SHOULD BE A DAY OF CELEBRATION AND REFLECTION ON THE APOLLO–11 MISSION TO THE MOON AND THE ACCOMPLISHMENTS OF THE APOLLO PROGRAM THROUGHOUT THE 1960'S AND 1970'S

Mr. SHELBY (for himself, Mr. SESSIONS, Mrs. HUTCHISON, Mr. SMITH of New Hampshire, Mr. GRAHAM, Mrs. BOXER, Mr. STEVENS, Mr. ABRAHAM, Mr.

ALLARD, Mr. BUNNING, Mr. GRAMS, Mr. LOTT, Mr. JOHNSON, Mr. BREAUX, Mr. GRASSLEY, Ms. COLLINS, Mr. BURNS, Mr. BYRD, Mr. BROWNBACK, Mr. HAGEL, Mr. COVERDELL, Mr. HELMS, Mr. SPECTER, Mr. THURMOND, Mr. THOMAS, Mr. DEWINE, , Mr. DODD, Mr. FEINGOLD, Mr. LEVIN, Mr. MOYNIHAN, Mr. GRAMM, Mr. MACK, Mr. FRIST, Mr. ENZI, and Mr. GREGG) submitted the following resolution; which was considered and agreed to:

S. CON. RES. 46

Whereas the Apollo-11 mission successfully landed a manned spacecraft on the Moon on July 20, 1969, marking the first time in history that humans have walked on the surface of the Moon or any other planet;

Whereas the 6 Apollo missions successfully departed Earth aboard a Saturn V Rocket, the largest and most powerful American rocket ever produced, en route to the Moon;

Whereas 12 Americans successfully landed on the surface of the Moon where they performed various experiments and collected samples for study, and planted the flag of the United States of America in the lunar soil achieving a milestone in American and human history;

Whereas the contributions of other Americans who made up the thousands of contractors and Government employees who worked on the Apollo program are recognized; and

Whereas the events of the Apollo missions are examples of the great achievements of the American space program reflecting the explorer's spirit of the American people: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's.

AMENDMENTS SUBMITTED

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000

MOYNIHAN AMENDMENTS NOS. 1256–1257

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted two amendments intended to be proposed by him to the bill (H.R. 1555) to authorize appropriations for fiscal year 2000 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; as follows:

AMENDMENT NO. 1256

At the appropriate place, insert:

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 2000 the sum of $193,572,000. The Information Security Oversight Office, charged with administering this nation's intelligence classification and declassification programs shall receive $1.5 million of these funds to allow it to hire more staff so that it can more efficiently manage these programs. Within such amounts . . .

AMENDMENT NO. 1257

At the appropriate place, insert:

SEC. 308. SENSE OF THE CONGRESS ON CLASSIFICATION AND DECLASSIFICATION.

It is the sense of Congress that the systematic declassification of records of permanent historic value is in the public interest and that the management of classification and declassification by Executive Branch agencies requires comprehensive reform.

KYL (AND OTHERS) AMENDMENT NO. 1258

Mr. KYL (for himself, Mr. DOMENICI, Mr. MURKOWSKI, Mr. THOMPSON, Mr. SPECTER, Mr. GREGG, Mr. HUTCHINSON, Mr. SHELBY, Mr. WARNER, Mr. BUNNING, Mr. HELMS, Mr. FITZGERALD, Mr. LOTT, Mr. KERREY, Mrs. FEINSTEIN, Mr. SMITH of New Hampshire, and Ms. COLLINS) proposed an amendment to the bill, H.R. 1555, supra; as follows:

At the appropriate place insert the following:

"SEC. . DEPARTMENT OF ENERGY NUCLEAR SECURITY.

''(a) Section 202(a) of the Department of Energy Organization Act (referred to in this section as the ''Act'') is amended by striking the second sentence and inserting ''The Secretary shall delegate to the Deputy Secretary such duties as the Secretary may prescribe unless such delegation is otherwise prohibited by law, and the Deputy Secretary shall act for and exercise the functions of the Secretary during the absence or disability of the Secretary or in the event the office of the Secretary becomes vacant.

''(b) Section 202(b) of the Act is amended by striking the first two sentences and inserting ''There shall be in the Department two Under Secretaries and a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. One Under Secretary shall be the Under Secretary for Nuclear Stewardship. The other Under Secretary shall bear primary responsibility for science, energy (including energy conservation), and environmental functions.''

''(c) After section 212 of the Act add the following new section:

'''AGENCY FOR NUCLEAR STEWARDSHIP

'''SEC. 213(a) There shall be within the Department a separately organized Agency for Nuclear Stewardship under the direction, authority, and control of the Secretary, to be headed by the Under Secretary for Nuclear Stewardship who shall also serve as Director of the Agency.

'''(b) The Under Secretary for Nuclear Stewardship shall be a person who has an extensive background in national security, organizational management and appropriate technical fields, and is especially well qualified to manage the nuclear weapons, nonproliferation and fissile materials disposition programs of the Department in a manner that advances and protects the national security of the United States.

'''(c) The Secretary shall be responsible for all policies of the Agency. The Under Secretary for Nuclear Stewardship shall report solely and directly to the Secretary and shall be subject to the supervision and direction of the Secretary. The Secretary shall have a staff adequate to fulfill the responsibility to set policies throughout the Department including establishing policies governing the Agency for Nuclear Stewardship. The Secretary's staff, including but not limited to the General Counsel and the Chief Financial Officer, shall assist the Secretary in the supervision of the development and implementation of policies set forth by the Secretary and shall advise the Secretary on the adequacy of such development and implementation. The Secretary may not delegate to any Department official the duty to supervise or direct the Under Secretary for Nuclear Stewardship.

'''(d) The Secretary may direct other officials of the Department who are not within the Agency for Nuclear Stewardship to review the Agency's programs and to make recommendations to the Secretary regarding the administration of such programs, including consistency with other similar programs and activities in the Department.

'''(e) The Secretary shall assign to the Under Secretary for Nuclear Stewardship direct authority over and responsibility for:

'''(1) all programs and activities of the Department related to its national security functions, including nuclear weapons, nonproliferation and fissile materials disposition, and;

'''(2) all activities at the Department's national security laboratories, and nuclear weapons production facilities.

'''(f) The Secretary shall assign to the Under Secretary for Nuclear Stewardship direct authority over and responsibility for all executive and administrative operations and functions of the Agency for Nuclear Stewardship (except for the authority and responsibility assigned to the Deputy Director for Naval Reactors), including but not limited to:

'''(1) strategic management;

'''(2) policy development and guidance;

'''(3) budget formulation and guidance;

'''(4) resource requirements determination and allocation;

'''(5) program direction;

'''(6) safeguards and security;

'''(7) emergency management;

'''(8) integrated safety management;

'''(9) environment, safety, and health operations (except those environmental remediation and nuclear waste management activities and facilities that the Secretary determines are best managed by other officials of the Department);

'''(10) administration of contracts, including those for the management and operation of the nuclear weapons production facilities and the national security laboratories;

'''(11) intelligence;

'''(12) counterintelligence;

'''(13) personnel, including their selection, appointment, distribution, supervision, fixing of compensation, and separation;

'''(14) procurement of services of experts and consultants in accordance with section 3109 of Title 5, United States Code, and;

'''(15) legal matters.

'''(g) There shall be within the Agency three Deputy Directors, each of whom shall be appointed by the President, by and with the advice and consent of the Senate; who shall be compensated at the rate provided for at level IV of the Executive Schedule under section 5315 of Title 5 (except the Deputy Director for Naval Reactors when an active duty naval officer). There shall be a Deputy Director for each of the following functions:

''(1) defense programs;

''(2) non-proliferation and fissile materials disposition, and;

''(3) naval reactors.

''(h) The Deputy Director for Naval Reactors shall report to the Secretary of Energy through the Under Secretary for Nuclear Stewardship and have direct access to the Secretary and other senior officials of the Department; and shall be assigned the responsibilities, authorities, and accountability for all functions of the Office of Naval Reactors as described by the reference in section 1634 of Public Law 98–525. Except as specified in subsection (g) and this subsection, all other provisions described by the reference in section 1634 of Public Law 98–525 remain in full force until changed by law.

''(i) There shall be within the Agency three offices, each of which shall be administered by a Chief appointed by the Under Secretary for Nuclear Stewardship. There shall be a:

''(1) Chief of Nuclear Stewardship Counterintelligence, who shall report to the Under Secretary and implement the counterintelligence policies directed by the Secretary and Under Secretary. The Chief of Nuclear Stewardship Counterintelligence shall have direct access to the Secretary and all other officials of the Department and its contractors concerning counterintelligence matters and shall be responsible for:

''(A) the development and implementation of the Agency's counterintelligence programs to prevent the disclosure or loss of classified or other sensitive information, and;

''(B) the development and administration of personnel assurance programs within the Agency for Nuclear Stewardship.

''(2) Chief of Nuclear Stewardship Security, who shall report to the Under Secretary and shall implement the security policies directed by the Secretary and Under Secretary. The chief of Nuclear Stewardship Security shall have direct access to the Secretary and all other officials of the Department and its contractors concerning security matters and shall be responsible for the development and implementation of security programs for the Agency including the protection, control and accounting of materials, and the physical and cybersecurity for all facilities in the Agency.

''(3) Chief of Nuclear Stewardship Intelligence, who shall be a senior executive service employee of the Agency or an agency of the intelligence community who shall report to the Under Secretary and shall have direct access to the Secretary and all other officials of the Department and its contractors concerning intelligence matters and shall be responsible for all programs and activities of the Agency relating to the analysis and assessment of intelligence with respect to foreign nuclear weapons, materials, and other nuclear matters in foreign nations.

''(j)(1) The Under Secretary shall, with the approval of the Secretary and the Director of the Federal Bureau of Investigation, designate the chief of Counterintelligence who shall have special expertise in counterintelligence.

''(2) If such person is a federal employee of an entity other than the Agency, the service of such employee as Chief shall not result in any loss of employment status, right, or privilege by such employee.

''(k) All personnel of the Agency for Nuclear Stewardship, in carrying out any function of the Agency, shall be responsible to, and subject to the supervision and direction of, the Secretary and the Under Secretary for Nuclear Stewardship or his designee within the Agency, and shall not be responsible to, or subject to the supervision or direction of, any other officer, employee, or agent of any other part of the Department.

''(l) The Under Secretary for Nuclear Stewardship shall delegate responsibilities to the Deputy Directors except that the responsibilities, authorities and accountability of the Deputy Director for Naval Reactors are as described in subsection (h).

''(m) The Directors of the national security laboratories and the heads of the nuclear weapons production facilities and the Nevada Test Site shall report directly to the Deputy Director for Defense Programs.

''(n) The Under Secretary for Nuclear Stewardship shall maintain within the Agency staff sufficient to implement the policies of the Secretary and Under Secretary for Nuclear Stewardship for the Agency. At a minimum these staff shall be responsible for:

''(1) personnel;

''(2) legal services, and;

''(3) financial management.

''(o) The Under Secretary shall, consistent with the effective discharge of the Agency's responsibilities, make the national security laboratories, nuclear weapons production facilities, and capabilities of the Agency available to other programs of the Department, federal agencies, and appropriate entities in accordance with policies implemented by the Under Secretary.

''(p)(1) Not later than March 1 of each year the Under Secretary for Nuclear Stewardship shall submit through the Secretary to the Director of Central Intelligence, the Director of the Federal Bureau of Investigation, the Senate and the House of Representatives, a report on the status and effectiveness of the security and counterintelligence programs of the Agency for Nuclear Stewardship during the preceding year.

''(2) The report shall provide information on:

''(A) The status and effectiveness of security and counterintelligence programs at each nuclear weapons production facilities, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(B) the adequacy of procedures and policies for protecting national security information at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(C) whether each nuclear weapons production facility, national security laboratory, or other facility or institution at which classified nuclear weapons work is performed is in full compliance with all security and counterintelligence requirements, and if not what measures are being taken or are in place to bring such facility, laboratory, or institution into compliance;

''(D) any significant violation of law, rule, regulation, or other requirement relating to security or counterintelligence at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(E) each foreign visitor or assignee; the national security laboratory, nuclear weapons production facility, or other facility or institution at which classified nuclear weapons work is performed visited, the purpose and justification for the visit, the duration of the visit, whether the visitor or assignee had access to classified or sensitive information or facilities, and whether a background check was performed on such visitor prior to such visit; and

''(F) such other matters and recommendations to Congress as the Under Secretary deems appropriate.

''(3) Each report required by this subsection shall be submitted in unclassified form, but may include a classified annex.

''(4) Thirty days prior to the submission of the report required by subsection p(1), but in any event no later than February 1 of each year, the director of each Department of Energy national security laboratory and nuclear weapons production facility shall certify in writing to the Under Secretary for Nuclear Stewardship whether that laboratory or facility is in full compliance with all national security information protection requirements. If the laboratory or facility is not in full compliance, the director of the laboratory or facility shall report on why it is not in compliance, what measures are being taken to bring it into compliance, and when it will be in compliance.

''(q) The Under Secretary for Nuclear Stewardship shall keep the Secretary, the Committees on Armed Services of the Senate and House of Representatives, the Committee on Energy and Natural Resources of the Senate, the Committee on Governmental Affairs of the Senate, the Committee on Commerce of the House of Representatives, the Select Committee on Intelligence of the Senate, and the Permanent Select Committee on Intelligence of the House of Representatives fully and currently informed regarding any action or potential significant threat to, or loss of, national security information, unless such information has already been reported to the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence pursuant to the National Security Act of 1947, as amended.

''(r) Personnel of the Agency for Nuclear Stewardship who have reason to believe that there is a problem, abuse, violation of law or executive order, or deficiency relating to the management of classified information shall promptly report such problem, abuse, violation, or deficiency to the Under Secretary for Nuclear Stewardship.

''(s)(1) The Under Secretary for Nuclear Stewardship shall not be required to obtain the approval of any officer or employee of the Department of Energy, except the Secretary, or any officer or employee of any other Federal agency or department for the preparation or delivery of any report required by this section.

''(2) No officer or employee of the Department of Energy or any other Federal agency or department may delay, deny, obstruct or otherwise interfere with the preparation of any report required by this section.

''(t) For purposes of this section—

''(1) the term ''personnel of the Agency for Nuclear Stewardship'' means each officer or employee within the Department of Energy, and any officer or employee of any contractor of the Department (pursuant to the terms of the contract), whose—

''(A) responsibilities include carrying out a function of the Agency for Nuclear Stewardship; or

''(B) employment is funded primarily under the—

''(i) Weapons Activities; or

''(ii) Non-proliferation, Fissile Materials Disposition or Naval Reactors portions of the Other Defense Activities budget functions of the Department;

''(2) the term ''nuclear weapons production facility'' means the following facilities:

''(A) the Kansas City Plant, Kansas City, Missouri;

''(B) the Pantex Plant, Amarillo, Texas;

''(C) the Y–12 Plant, Oak Ridge, Tennessee;

''(D) the tritium operations facilities at the Savannah River Site, Aiken, South Carolina;

''(E) the Nevada Test Site, Nevada; and

''(F) any other facility the Secretary designates.

''(3) the term ''national security laboratory'' means the following laboratories—

''(A) the Los Alamos National Laboratory, Los Alamos, New Mexico;

''(B) the Lawrence Livermore National Laboratory, Livermore, California; and

''(C) the Sandia National Laboratories, Albuquerque, New Mexico, and Livermore, California.

''(d) Within 180 days of the date of enactment of this Act, the Secretary shall report to the Senate and the House of Representatives on the adequacy of the Department's procedures and policies for protecting national security information, including national security information at the Department's laboratories, nuclear weapons facilities and other facilities, making such recommendations to Congress as may be appropriate.

''(e) The following technical and conforming amendments are made:

''(1) Section 5314 of title 5, United States Code, is amended by striking '''Under Secretary, Department of Energy''' and inserting ''Under Secretaries of Energy (2), one of whom serves as the Director, Agency for Nuclear Stewardship.''''

''(2) Section 202(b) of the Act is amended in the third section by striking '''Under Secretary''' and inserting '''Under Secretaries'''.

''(3) Section 212 of the Act is amended by striking subsection 212(b) and redesignating subsection 212(c) as subsection 212(b).

''(4) Section 309 of the Act is amended by striking '''Assistant Secretary to whom the Secretary has assigned the functions listed in section 203(a)(2)(E)''' and inserting '''Under Secretary for Nuclear Stewardship''''.

''(5) The Table of Contents of the Act is amended by inserting after the item relating to section 212 the following new item:

'''SEC. 213. Agency for Nuclear Stewardship.

COVERDELL (AND OTHERS) AMENDMENT NO. 1259

Mr. COVERDELL (for himself, Mrs. FEINSTEIN, Mr. DEWINE, Mr. HELMS, Mr. LOTT, Mr. TORRICELLI, Mr. CRAIG, Mr. GRAHAM, and Mr. REID) proposed an amendment to the bill, H.R. 1555, supra; as follows:

At the end of the bill, add the following new title:

TITLE ___—BLOCKING ASSETS OF MAJOR NARCOTICS TRAFFICKERS

SEC. _01. FINDING AND POLICY.

(a) FINDING.—Congress makes the following findings:

(1) Presidential Decision Directive 42, issued on October 21, 1995, ordered agencies of the executive branch of the United States Government to, inter alia, increase the priority and resources devoted to the direct and immediate threat international crime presents to national security, work more closely with other governments to develop a global response to this threat, and use aggressively and creatively all legal means available to combat international crime.

(2) Executive Order No. 12978 of October 21, 1995, provides for the use of the authorities in the International Emergency Economic Powers Act (IEEPA) to target and sanction four specially designated narcotics traffickers and their organizations which operate from Colombia.

(b) POLICY.—It should be the policy of the United States to impose economic and other financial sanctions against foreign international narcotics traffickers and their organizations worldwide.

SEC. _02. PURPOSE.

The purpose of this title is to provide for the use of the authorities in the International Emergency Economic Powers Act to sanction additional specially designated narcotics traffickers operating worldwide.

SEC. _03. DESIGNATION OF CERTAIN FOREIGN INTERNATIONAL NARCOTICS TRAFFICKERS.

(a) PREPARATION OF LIST OF NAMES.—Not later than January 1, 2000 and not later than January 1 of each year thereafter, the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, shall transmit to the President and to the Director of the Office of National Drug Control Policy a list of those individuals who play a significant role in international narcotics trafficking as of that date.

(b) EXCLUSION OF CERTAIN PERSONS FROM LIST.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, the list described in subsection (a) shall not include the name of any individual if the Director of Central Intelligence determines that the disclosure of that person's role in international narcotics trafficking could compromise United States intelligence sources or methods. The Director of Central Intelligence shall advise the President when a determination is made to withhold an individual's identity under this subsection.

(2) REPORTS.—In each case in which the Director of Central Intelligence has made a determination under paragraph (1), the President shall submit a report in classified form to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Represent setting forth the reasons for the determination.

(d) DESIGNATION OF INDIVIDUALS AS THREATS TO THE UNITED STATES.—The President shall determine not later than March 1 of each year whether or not to designate persons on the list transmitted to the President that year as persons constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The President shall notify the Secretary of the Treasury of any person designated under this subsection. If the President determines not to designate any person on such list as such a threat, the President shall submit a report to Congress setting forth the reasons therefore.

(e) CHANGES IN DESIGNATIONS OF INDIVIDUALS.—

(1) ADDITIONAL INDIVIDUALS DESIGNATED.—If at any time after March 1 of a year, but prior to January 1 of the following year, the President determines that a person is playing a significant role in international narcotics trafficking and has not been designated under subsection (d) as a person constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the President may so designate the person. The President shall notify the Secretary of the Treasury of any person designated under this paragraph.

(2) REMOVAL OF DESIGNATIONS OF INDIVIDUALS.—Whenever the President determines that a person designated under subsection (d) or paragraph (1) of this subsection no longer poses an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the person shall no longer be considered as designated under that subsection.

(f) REFERENCES.—Any person designated under subsection (d) or (e) may be referred to in this Act as a ''specially designated narcotics trafficker''.

SEC. ___04. BLOCKING ASSETS.

(a) FINDING.—Congress finds that a national emergency exists with respect to any individual who is a specially designated narcotics trafficker.

(b) BLOCKING OF ASSETS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the date of designation of a person as a specially designated narcotics trafficker, there are hereby blocked all property and interests in property that are, or after that date come, within the United States, or that are, or after that date come, within the possession or control of any United States person, of—

(1) any specially designated narcotics trafficker;

(2) any person who materially and knowingly assists in, provides financial or technological support for, or provides goods or services in support of, the narcotics trafficking activities of a specially designated narcotics trafficker; and

(3) any person determined by the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, to be owned or controlled by, or to act for or on behalf of, a specially designated narcotics trafficker.

(c) PROHIBITED ACTS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act or in any regulation, order, directive, or license that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, the following acts are prohibited:

(1) Any transaction or dealing by a United States person, or within the United States, in property or interests in property of any specially designated narcotics trafficker.

(2) Any transaction or dealing by a United States person, or within the United States, that evades or avoids, has the purpose of evading or avoiding, or attempts to violate, subsection (b).

(d) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES NOT AFFECTED.—Nothing in this section is intended to prohibit or otherwise limit the authorized law enforcement or intelligence activities of the United States, or the law enforcement activities of any State or subdivision thereof.

(e) IMPLEMENTATION.—The Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, is authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by the International Emergency

Economic Powers Act as may be necessary to carry out this section. The Secretary of the Treasury may redelegate any of these functions to any other officer or agency of the United States Government. Each agency of the United States shall take all appropriate measures within its authority to carry out this section.

(f) ENFORCEMENT.—Violations of licenses, orders, or regulations under this Act shall be subject to the same civil or criminal penalties as are provided by section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) for violations of licenses, orders, and regulations under that Act.

(g) DEFINITIONS.—In this section:

(1) ENTITY.—The term ''entity'' means a partnership, association, corporation, or other organization, group or subgroup.

(2) NARCOTICS TRAFFICKING.—The term ''narcotics trafficking'' means any activity undertaken illicitly to cultivate, produce, manufacture, distribute, sell, finance, or transport, or otherwise assist, abet, conspire, or collude with others in illicit activities relating to, narcotic drugs, including, but not limited to, heroin, methamphetamine and cocaine.

(3) PERSON.—The term ''person'' means an individual or entity.

(4) UNITED STATES PERSON.—The term ''United States person'' means any United States citizen or national, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

SEC. ___05. DENIAL OF VISAS TO AND INADMISSIBILITY OF SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS.

(a) PROHIBITION.—The Secretary of State shall deny a visa to, and the Attorney General may not admit to the United States—

(1) any specially designated narcotics trafficker; or

(2) any alien who the consular officer or the Attorney General knows or has reason to believe—

(A) is a spouse or minor child of a specially designated narcotics trafficker; or

(B) is a person described in paragraph (2) or (3) of section __04(b).

(b) EXCEPTIONS.—Subsection (a) shall not apply—

(1) where the Secretary of State finds, on a case-by-case basis, that the entry into the United States of the person is necessary for medical reasons;

(2) upon the request of the Attorney General, Director of Central Intelligence, Secretary of the Treasury, or the Secretary of Defense; or

(3) for purposes of the prosecution of a specially designated narcotics trafficker.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CRAIG. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Forests and Public Land Management of the Senate Committee on Energy and Natural Resources.

The hearing will to take place Tuesday, July 27, 1999 at 2:30 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, D.C.

S. 439, a bill to amend the National Forest and Public Lands of Nevada Enhancement Act of 1988 to adjust the boundary of the Toiyabe National Forest, Nevada, has been added to the agenda.

Those who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510. For further information, please call Mark Rey at (202) 224–6170.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. HAGEL. Mr. President, I ask unanimous consent that the committee on Armed Services be authorized to meet at 9:30 a.m. on Tuesday, July 20, 1999, in open session, to receive testimony on U.S. policy and military operations regarding Kosovo.

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

COMMITTEE ON FINANCE

Mr. HAGEL. Mr. President, I ask unanimous consent that the Committee on Finance be permitted to meet Tuesday, July 20, 1999 beginning at 10:00 a.m. in room SD–106, to conduct a markup.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. HAGEL. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, July 20, 1999 at 11:00 a.m. to hold a hearing.

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

COMMITTEE ON HEALTH, EDUCATION, LABOR AND PENSIONS

Mr. HAGEL. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet for a hearing on ''ESEA: Improving Use of Funds'' during the session of the Senate on Tuesday, July 20, 1999, at 9:30 a.m.

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

SPECIAL COMMITTEE ON AGING

Mr. HAGEL. Mr. President, I ask unanimous consent that the Special Committee on Aging be permitted to meet on July 20, 1999 from 2:30 p.m.—4:30 p.m. in Dirksen 215 for the purpose of conducting a hearing.

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

SUBCOMMITTEE ON FISHERIES, WILDLIFE, AND DRINKING WATER

Mr. HAGEL. Mr. President, I ask unanimous consent that the Subcommittee on Fisheries, Wildlife, and Drinking Water be granted permission to conduct a hearing Tuesday, July 20, 9:30 a.m., Hearing Room (SD–406), on the science of habitat conservation plans.

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

SUBCOMMITTEE ON FOREST & PUBLIC LAND MANAGEMENT

Mr. HAGEL. Mr. President, I ask unanimous consent that the Subcommittee on Forests & Public Land Management of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Tuesday, July 20, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:30 p.m. The purpose of this hearing is to receive testimony on S. 729, the National Monument Public Participation Act of 1999.

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

SUBCOMMITTEE ON INTERNATIONAL OPERATIONS

Mr. HAGEL. Mr. President, I ask unanimous consent that the Subcommittee on International Operations be authorized to meet during the session of the Senate on Tuesday, July 20, 1999 at 2:00 p.m. to hold a hearing.

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

SUBCOMMITTEE ON INVESTIGATIONS

Mr. HAGEL. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Governmental Affairs Committee be permitted to meet on Tuesday, July 20, 1999, at 9:30 a.m. for a hearing entitled ''The Hidden Operators of Deceptive Mailings.''

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

ADDITIONAL STATEMENTS

NATIONAL ENDOWMENT FOR DEMOCRACY

• Mr. LUGAR. Mr. President, we will soon be debating the Commerce, Justice, State, and the Judiciary appropriations bill on the floor of the Senate. The State Department title of the bill includes no funding for the National Endowment for Democracy (NED) which I hope will be reversed by the Senate when we debate this appropriations bill.

For the information of my colleagues, I ask that a letter from National Security Advisor Samuel R. Berger to Senator BOB GRAHAM be printed in the RECORD.

The letter follows:

THE WHITE HOUSE,
Washington, July 19, 1999.

Hon. Bob Graham,
U.S. Senate, Washington, DC.

DEAR BOB: Thank you for writing concerning the Commerce-Justice-State Appropriations Bill and the lack of funding for the National Endowment for Democracy (NED). I share your concern over the inadequacies of the bill.

The Senate appropriations bill as reported from Committee is fraught with a range of serious problems. And, the decision to eliminate funding for the NED is one of many factors which render the legislation unacceptable. For this reason,the President's senior

advisors would recommend that the legislation be vetoed if it were enacted in its current form.

Our position on the NED is clear. The NED is at the core of the vision we share for a world that is more free and more democratic. Indeed, it was President Reagan's initiative to establish the NED, a decision and a vision that has had a powerful impact on our nation's efforts to expand democracy and human rights. And to its credit, the NED conducts its critically important activities with annual funding that amounts to only a small fraction of our nation's international affairs budget. From supporting election monitoring in Indonesia, to promoting independent media in the Balkans, the NED represents and promotes the most fundamental of American values throughout the world.

Thank you again for your letter on this important matter. Please know that the President remains one of the strongest champions of the Endowment, and appreciates your continuing support of the NED.

Sincerely,

SAMUEL R. BERGER,
Assistant to the President for National Security Affairs.●

Mr. LUGAR. The letter states the Administration's unequivocal support for the National Endowment for Democracy and articulates the strong positive contribution the NED makes to our national interest.

MAX SOLIS—1999 CONNECTICUT SMALL BUSINESS PERSON OF THE YEAR

● Mr. DODD. Mr. President, once again this year, the Small Business Administration held its annual Small Business Week. The SBA hosts this event to recognize the many accomplishments of this country's small businessmen-women. Today, I am pleased to pay a special tribute to the achievements of Max Solis, Chairman and CEO of BST Systems, Inc., who was named Connecticut's 1999 Small Business Person of the Year.

Having received a Bachelor of Science degree in Electrical Engineering from the City College of New York and a Masters of Business Administration from New York University, Max Solis went on to found BST Systems, Inc. in 1983. BST Systems, Inc., located in Plainfield, Connecticut, is a small minority-owned business that employs approximately 68 people. BST focuses on engineering-oriented, high-technology business and specializes in manufacturing and testing high-energy silver zinc cells, specialty cells and complete batteries, as well as electronic support equipment for NASA, the Department of Defense, and various commercial applications.

In addition to this most recent honor, BST Systems also received NASA's 1994 Minority Subcontractor of the Year Award and NASA's Commitment to Excellence Award in both 1995 and 1997. Just this past May, BST Systems was the recipient of the George M. Low Award, NASA's highest honor for excellence and quality and recognition of its significant contributions to the advancement of our nation's space program.

Mr. President, I am so very pleased to have the opportunity to highlight the success of Max Solis and BST Systems, Inc. Small business entrepreneurs like Max Solis and his employees keep this country on the cutting edge of innovation and advanced technology. And as we enter a new century, small businesses like BST will be integral to ensuring continued American leadership in these critical areas. I congratulate Max Solis and BST Systems, Inc. on being honored by the Small Business Administration for their outstanding efforts, and I wish them much success as they, and other small businesses, continue to provide valuable products and services to people across the country and, indeed, throughout the world.●

TRIBUTE TO RAY LACKEY

● Mr. MCCONNELL. Mr. President, I rise today to recognize Alex ''Ray'' Lackey for his recent appointment as the Eighth Command Sergeant Major of the Army Reserve.

Ray has been serving as supervisor of customer services at the Bowling Green post office for almost 20 years, and now embarks on a three-year tour of duty at the Pentagon. Ray has served in numerous capacities in the U.S. military for more than 28 years, with his most recent assignment as Command Sergeant Major for the 100th Division in Louisville. Ray's supervisors have commended him for his ability to maintain a professional balance between his demanding positions in both the U.S. Postal Service and the Department of the Army.

Ray's experience in military service is broad, including service as Squad Leader with the 82nd Airborne Division, Drill Sergeant at Fort Knox, Platoon Sergeant with the 2nd Infantry Division in Korea, Battalion Operations Sergeant, First Sergeant, and Commandant of the 100th Division Drill Sergeant School. In 1982, he received the distinction of U.S. Army Reserve Drill Sergeant of the year.

Ray has been decorated with an impressive number of awards and honors over the years, including being awarded the Meritorious Service Medal five times, the Army Commendation Medal two times, the Good Conduct Medal twice, the Army Reserve Component Achievement Medal five times, and the Army Achievement Medal, the National Defense Service Medal with Bronze Star, the Armed Forces Reserve Medal with ''M'' device, the Noncommissioned Officers Professional Development Ribbon with numeral four, the Army Service Ribbon and the Overseas Service Ribbon. He has also earned the Expert Infantryman Badge and the Parachutist Badge.

As is evidenced by the lengthy list of Ray's achievements and honors, he has served his State and his country well. It is also clear that the Department of the Army has great confidence in Ray's experience, and it seems only fitting that someone with his expertise and seasoned skills will be working in such a significant capacity at the Pentagon. My colleagues and I extend our gratitude for Ray's willingness to continue serving the country in this new post, and wish him the best in his next stage of service.●

TELEHEALTH

● Mr. INOUYE. Mr. President, this past month, Major General Nancy Adams, Commander of the Tripler Army Medical Center, Honolulu, HI participated in the Congressional Ad Hoc Steering Committee on Telehealth Demonstration and Briefing. I have been pleased to work closely with General Adams for a number of years, including during her earlier tenure as Chief, United States Army Nurse Corps.

I am extraordinarily pleased to have her selected to command Tripler. She is the first female commander of our facility and the first two-star nurse in the history of the United States Army.

Mr. President, I ask that her opening remarks be printed in the RECORD.

The remarks follow:

REMARKS OF MG NANCY R. ADAMS, DEPARTMENT OF DEFENSE AT THE CONGRESSIONAL AD HOC STEERING COMMITTEE ON TELEHEALTH DEMONSTRATION AND BRIEFING ON ''INFORMATION TECHNOLOGIES FOR HEALTHCARE: GOVERNMENT, INDUSTRY AND ACADEMIA WORKING TOGETHER'', 23 JUNE 1999

Good Morning and aloha from Hawaii. I am Major General Nancy Adams. I am privileged to offer the opening remarks on the accomplishments and challenges the Department of Defense (DOD) is addressing in information technologies for healthcare.

In my current assignment as the Commanding General, Tripler Army Medical Center, Hawaii, and the United States Army Pacific Command Surgeon, I am somewhat in awe at being designated as the DOD spokesman. However, I am very pleased to have the opportunity because telemedicine and telehealth initiatives are vital to the mission of my medical center. To say that I am the DOD spokesperson does exaggerate my accountability with the Department. So to be safe, I should at this point go with the standard disclaimer, which says my information does not necessarily reflect the views of the Department or the Secretary of Defense.

I am most pleased to be participating in the congressional Ad Hoc Committee on Telehealth forum. This event acknowledges the vision and support congressional representatives have offered to enhance the applications of information technology to healthcare in general with special emphasis on clinical practice.

Within the Department of Defense, and most particularly in the Pacific, there are significant distances, time zone disparities, and geographic boundaries that present challenges to the delivery of patient care. In the Pacific, a variety of both public and private

sector agencies are involved in health care services, with the overall goal to transcend time, distance, and structural barriers to provide quality healthcare to Department of Defense beneficiaries. Because of our global role, it is incumbent that the Department of Defense work collaboratively to afford responsive health care services, and this challenge can only be addressed with innovative technology and telecommunication solutions. Hence, I would like to illustrate a few examples from my Hawaii experience, on how the linkage between information, knowledge, and technologies have enhanced access to health care services and improved the quality of care rendered.

Tripler Army Medical Center is the only Department of Defense tertiary care medical treatment facility in the Pacific. Tripler serves the health care needs of more than 750,000 active-duty military, their families, military retirees, retiree families and other Pacific island beneficiaries. Using the systems developed through Department of Defense, such as the Composite Health Care System II, or CHCSII, Corporate Executive Information System or CEIS, AKAMAI, and the Pacific Medical Network or PACMEDNET, have enabled us to improve the quality of care and access to health services for our beneficiaries.

Healthcare information systems and telehealth applications within the Department of Defense strive to accomplish the following 5 goals: Keep Active Duty forces on the job; Reduce the Military Health System skill mix and size in staffing model; Increase productivity of the direct care component; Enhance and measure health and fitness of beneficiaries, and lastly, Promote and measure customer satisfaction with Information Technology.

The healthcare information management initiatives within the Department of Defense focus on research and the value of information and telehealth applications along with implementation of automation support to enhance patient care delivery. I can attest that information management support provided by systems such as the CHCSII, CEIS, and the telehealth support from Akamai and PACMEDNET, have provided significant readiness and humanitarian implications for regional care in the Pacific. Being responsible for delivery of healthcare to a region as big as the Pacific—which encompasses 70 countries and 14 time zones—requires me to use and support the development of technology tools. These technology tools and clinical capability offer tremendous opportunities for reuse by other federal agencies, as well as transferability to private sector agencies.

As stated earlier, healthcare information technologies are an essential element of health care services within the Department of Defense because of the need to overcome the dispersion of beneficiaries over great distances. The telehealth possibilities are highly opportunistic and provide a window on the future. Our technology is a means of demonstrating US engagement in other nations by providing a telepresence in other than US military medical treatment facilities. Specific benefits healthcare technology has offered Tripler Army Medical Center and the Pacific include:

Ability to provide a health profile for a person that will facilitate decision making by a provider who doesn't have access to a complete medical record.

We can integrate patient administrative and clinical data between multiple and diverse healthcare systems.

The same network and technology that provides information for diagnosing and treating patients can also be utilized for teaching via distance learning techniques.

Use of the Internet and web-enabled solutions has fostered a sense of community amongst clinicians and consumers by enabling information sharing, education, and collegial relationships.

From my perspective as a military medical center commander and the Command Surgeon, healthcare information technologies contribute to the readiness and health care delivery mission. I mention this as a single mission because the role of military medicine is to stay trained and ready for contingency operations that directly support the US military. The business of health care in and of itself is not our focus. It is the link between readiness and health care delivery that makes military medicine vital to our nation. The linkage between readiness and health care is good business for the military.

Through the application of information systems and telehealth technologies, the quality of care and utilization of scarce medical resources are positively effected thereby improving both military readiness and health care delivery. Utilization of information systems and telehealth applications provides immediate access even when specialists are not on site. For example, Tripler will be interpreting echocardiograms from Yokoto, Japan and Guam. This can be life saving information if you are talking about the patient's need for surgery or the functioning of the heart after a heart attack. These technologies also project medical specialty expertise without deploying them from the medical center. This saves significant dollars by not taking the medical specialist away for a minimum of two days travel to do a day's work. In addition, for those clinicians who are forward deployed, this access to specialists decreases their professional isolation and improves their decision-making ability. In some cases there is the added benefit of eliminating the need to air-evac patients for definitive care and continuity of care is maintained at their home station.

Healthcare information technologies are good new stories for the Department of Defense but the potential is in its infancy. Only by working with our partners in other government agencies, industry, and academia, will we be able to maximize the investment in technology by increasing its utility and clinical efficacy. In closing, my goals for attending the congressional Ad Hoc Steering Committee on Telehealth Demonstration and Briefing are twofold:

To communicate the reality of the technological solutions currently available within the Department of Defense to provide quality health care and improve access;

And second, to encourage networking among the congressional supporters, speakers, attendees, and exhibit presenters to further maximize our capabilities. As we share information and establish relationships with one anther I am sure our collective efforts will produce more and better applications of the technology than what is already here. Ideas for future integration and information management technologies should be the most valuable outcome of today's activities. I hope most of you will be staying through the day and spending time in the exhibit area. Many of the leading edge health care technology companies have displays, as well as Department of Defense, Veterans Administration, and Indian Health Service enterprises. Individually as well as together we are all involved in re-engineering health care processes to incorporate emerging technologies!

I am very pleased to be sharing the podium with distinguished leaders from Congress, the military, government service, and industry. Those of us in the military know that it is only through the vision and support of Congressional representatives that the Department of Defense has progressed to our current level of sophistication in healthcare information technologies and telehealth. Ladies and Gentlemen, I challenge you to continue to exploit the capabilities in healthcare information technologies; to capitalize on the improvements it can offer the business practice of patient care, and to nurture the positive and sustained impact of technology on enterprise value. I encourage you to take advantage of the sense of community the Internet enables by sharing your ideas and solutions with fellow government, industry and academic colleagues.●

TRIBUTE TO DR. SYLVIO L. DUPUIS

● Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Dr. Sylvio L. Dupuis, Executive Director of McLane, Graf, Raulerson and Middleton Law Firm, for receiving Business NH Magazine's 1999 Business Leader of the Year Award. Dr. Dupuis received this honor due to his outstanding civic involvements coupled with his exemplary leadership in the business world.

Dr. Dupuis took the position of Executive Director in April of 1996. His philosophy of personalization—solving problems with an interview rather than a phone call or a memo—has given him and his law firm an excellent reputation. Under his capable and inspiring leadership, the firm grew from fifty lawyers to eighty. Dr. Dupuis will retire from the McLane Law Firm in June of 1999 but will continue to have an active role in community affairs. The McLane, Graf, Raulerson and Middleton Law Firm is sure to miss Sylvio's leadership.

Besides being one of the most talented and well-established businessmen in the state, Dr. Dupuis has countless other achievements in virtually every facet of New Hampshire life. He has been widely involved in areas ranging from health care to the arts. He is the former President and CEO of Catholic Medical Center, the former Commissioner of the Department of Insurance for New Hampshire, the former President of New England College of Optometry and he has served with distinction, as the Mayor of Manchester, New Hampshire.

I commend Dr. Dupuis for his outstanding leadership and shining example. His varied professional experience shows him to be the ideal representative of New Hampshire business. I wish him the best as the new President of Notre Dame College in Manchester, New Hampshire. I am proud to represent him in the United States Senate.●

30TH ANNIVERSARY OF THE FIRST LUNAR LANDING

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. Con. Res. 46, submitted earlier today by Senators SHELBY and SESSIONS.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 46) expressing the sense of Congress that the July 20, 1999, 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. SESSIONS. Mr. President, I rise today to offer a few thoughts about space, the vision that is needed to take us there, and to say a few words of appreciation on the anniversary of one of the greatest accomplishments in world history. First, I recognize and thank all the people—scientists, flight operations experts, administrators, maintenance experts, astronauts, and every other member of the NASA team and Apollo program—who worked so hard to make the successful launch and mission of Saturn V to the moon a reality and victory for America.

When President Kennedy announced his intentions to devote the resources and support to NASA that would be necessary to accomplish the monumental task of landing men on the surface of the moon, our space program was born. Up until that magnificent moment when Neil Armstrong let everyone watching and listening know that the ''Eagle had Landed'' and for many years afterward, our space program flourished and steamed ahead making great strides in nearly every area of space exploration. Unfortunately, in recent years, while marked by continuing and important scientific medical research and several noteworthy events, our space program has become stagnant in comparison to the growing and vibrant NASA of the past. I am one member of Congress who feels very strongly that too much remains to be learned and explored for our space program to remain in neutral any longer.

Mr. President, on the anniversary of one of our greatest accomplishments, we have slipped dangerously close to the edge. If we do not act, we may lose one or more of the most historically significant pieces of our space program in existence. I am proud to say that one of the last three of these great artifacts remaining from the Apollo Project—the Saturn V rocket—stands on the grounds of the U.S. Space and Rocket Center in Huntsville, Alabama. But the fact remains that this rocket is in need of restoration and protection. I join my colleague and fellow Alabamian, Senator SHELBY, as an original cosponsor of the resolution that has been introduced which calls upon the Congress to provide federal assistance to fund the much-needed restoration and protection projects for the Saturn V rocket at the U.S. Space and Rocket Center. This funding will enable this great monument to our space program to live on as an enduring symbol of America's greatness both here on earth and beyond. I call on my colleagues in Congress to lend the assistance that is needed to protect the great history of our space program.

Mr. President, as I stated earlier, I am one member of Congress who believes that NASA embodies many of the most important qualities of our nation. We are a nation of explorers and inventors—proud, hardworking and brave. Our legacy as a nation is one of unmatched proportion. We must do our part to continue to build upon the past for the benefit of our future generations.

Mr. President, safe, reliable, low-cost transportation has been the key to the development of frontiers from the dawn of time. Ocean-going vessels enabled the discovery of the New World and initiated global commerce. The stagecoach transported early settlers and cargo across the untamed American West, and the transcontinental railway opened up this new frontier to vast numbers of settlers. Today, modern airways are a critical element of international commerce.

Transportation has made it possible to explore and develop the frontiers that emerged throughout history. Thirty years ago it was a Saturn V rocket carrying three men to the moon. And now, transportation is again the driver as we boldly prepare to explore deeper and develop the largest frontier of all - the frontier of space.

As a nation of explorers, I would like to think that we see the opportunities for scientific research and new space industries as limitless in scope and benefit to mankind.

Consider the possibilities:

Manufacturing medicines that are far superior to drugs made on Earth.

Even today the work that is being lead by NASA and its Marshall Space Flight Center, in particular, in Microgravity Research is paying tremendous dividends. Already this research is saving lives. The research that will be conducted on the International Space Station will take us even farther.

Consider the possibility of Mining resources from orbiting bodies, or servicing large communications and remote sensing platforms in low earth orbit without bringing them back to Earth.

Consider: Generating cheap, clean power from the Sun, or exploring new worlds and safely, routinely and affordably transporting passengers to and from space.

It all sounds like science fiction today and it is because the current high cost of space transportation has locked the door to these opportunities. I believe that NASA is ready to start turning science fiction into science reality—to unlock the door to a new frontier of opportunity.

The problem is this, space launch is not fully and completely reliable as we want it to be and its costs have been very expensive. Current launch costs consume valuable NASA resources and limit the ability to achieve its science and exploration goals. Only the highest priority science payloads are being launched and human exploration is on hold until we can solve this problem of launch costs.

Launch costs have also slowed the commercial development of space. While the U.S. space program faces new challenges to its decades long, global leadership position, the U.S. commercial space launch industry has dwindled from complete market dominance in the mid-1970's to only 30% on a greatly expanded worldwide market today. The United States has lost 70% of market share to the Russians, to the French, and to the Chinese. Several factors including foreign government subsidization and the constant optimization of 30 year old technology by foreign firms are at the heart of a problem this Congress ought to solve—now!

While improvement and evolution of existing systems and technologies are necessary in the face of ever increasing competition abroad, it will take a revolution to open the space frontier and enable the development of space. Our investments in launch technology have been sporadic over the years, resulting in high costs and small, incremental improvements in launch safety and capability. Today, many entrepreneurs realize the significance of the expanding commercial space marketplace, but are left to solve the hard problem of access to low Earth orbit with just their innovative spirit and today's technology.

We have had a rash of failures of expendable launch vehicles recently; 6 of the last 8 launches have been failures. Still, NASA continues to fly the Space Shuttle safely. But that safety record comes at a high cost to the people at United Space Alliance, NASA Kennedy, Marshall, and Johnson Space Flight Center (JSC).

Space launch is expensive because of complex systems that require extensive checkout and human intervention. Small margins result in high maintenance and replacement. Flight hardware reuse is limited. Launch facilities and range safety operations are out of date.

Achieving simplicity and robust performance has never been achieved in space launch. NASA has taken the

brute force approach to beating Earth's gravity by expending hardware during ascent; or they have shaved weight and squeezed the last fraction of a percent of performance from the propulsion systems—gaining performance at the expense of simplicity and robustness.

I have talked to the people at NASA Marshall. They have lived with the Shuttle propulsion systems and they have a lot of ideas that will make the next generation 100 times safer and 10 times cheaper than today; and their ideas don't stop there! They believe that, in 25 years, they can develop the technology that will improve safety over 10,000 times and reduce cost by 100 times that of the current Shuttles. I believe that the people at Marshall Space Flight Center, in cooperation with Stennis Space Center and the Glenn Research Center as well as other NASA scientists, can revolutionize space propulsion in the next 25 years. NASA administrator Dan Goldin shares this same view.

They believe that they can combine simplicity and with a robust capability that will increase reliability 100 fold while multiple abort options and safe crew escape systems will provide passenger safety equivalent to today's aircraft. They believe that they can develop the technology that will result in what they are calling ''a beautiful machine,'' safe and reliable first, then affordable. This marriage of simplicity and performance can only be obtained through major breakthroughs in space transportation technology at the basic component and system level.

Mr. President, it is a top priority of NASA to develop innovative space transportation technologies for commerce, civil space travel and the defense of the nation. This is not a might do task, but a must do task if this nation is to once again lead the way in space exploration.

Unlike the prior generation, our generation has not invested in a future of space exploration. Let's step back in time about 50 years. America and Russia were on separate paths to launch a satellite into orbit around the Earth. The Space Age had begun. In a laboratory at the University of Pennsylvania stood the world's first general purpose computer—the ENIAC. Spanning 150 feet and weighing 30 tons, ENIAC's twenty banks of flashing lights indicated the results of fourteen ten-digit multiplication processes in one second. It was one hundred times faster than a mechanical calculator, enabled by 18,000 water-cooled vacuum tubes. Tubes blew and were replaced several times an hour, but they ushered in the electronic age.

Only 7 years after the invention of the transistor, the first silicon-based transistorized computer was developed. Four years later a practical integrated circuit was the genesis for printing conducting channels directly on silicon surfaces. Less than twenty-five years after the development of ENIAC, Intel introduced the first microprocessor, using 2,300 transistors on a 108 Kilo Hertz silicon chip. The U.S., at that time, was just beginning the development of the Space Shuttle.

In the 28 years since, the number of transistors on a single chip has increased from 2,300 to 7.5 million and the number of instructions per second has increased more than 3,000 times. The processor capacity has increased at a rate of a factor of two every 18 to 24 months and the cost per kilobyte of computer memory has decreased by a factor of 640,000. Today over 44% of U.S. homes have a personal computer. The Space Shuttle is still the workhorse for human space flight and remains the only reusable launch system.

Today it is impossible to think of a world without computers or to imagine that the ideas we developed and that we take for granted might have been strenuously resisted in the past. And while it seems barely credible today that scientists, engineers, and businessmen five decades ago didn't initially grasp the implication of this new technology—this has been the case more often than not throughout history.

Now let's look forward in time. Imagine a world where traveling to an orbiting space production facility is as common as making a business trip on a commercial airliner? Does this seem plausible? How probable did personal palmtop computers seem fifty years ago? Technology was the engine that enabled these breakthroughs—technology will enable safe, reliable, affordable access to space over the next twenty-five years. I believe that we will see major steps toward this goal in the next 5 to 10 years if we invest now.

Over the next decade, NASA intends to increase safety by a hundred fold while reducing cost tenfold. Safety will be defined as the probability of a catastrophic failure once out of every 1,000,000 flights. This dramatic leap will come by departing from a past emphasis on cost and performance to a focused new paradigm of safety and reliability, which in turn, will drive down costs. Improvements in safety will require future space transportation systems to assure crew safety from prelaunch to landing. To accomplish this, launch systems must be inherently reliable, functionally redundant wherever practical and designed to minimize or eliminate catastrophic failure modes. Next generation systems will have the ability to complete their missions with at least one engine failure from liftoff. Designs will minimize the opportunity for human error in test, checkout and operations. By incorporating a crew escape capability for all flights and reducing the number of launch elements, NASA will be able to meet their safety goals.

In this time-frame, launch costs will fall from current levels of $10,000 to $1,000 per pound to low earth orbit. In order to achieve this ambitious cost goal, today's multi-stage, partial and fully expendable rockets must be replaced by single stage, fully reusable systems. A single stage to orbit Reusable Launch Vehicle (RLV) can eliminate assembly and checkout costs currently associated with the large number of complex interfaces on today's Space Shuttle. Full reusability will eliminate the need to throw away expensive hardware and reduce the need for ongoing production, but a key technology will be the manufacturing technology to build large, very lightweight, composite propellant tanks and structures. The expertise that will make these lightweight structures possible is the current Shuttle tank production facility at Michoud, Louisiana.

Systems in 10 years will have to accommodate hundreds of missions per year and will be commercially certified for hundreds of flights.

This level of cost reduction has the potential to enable new, nontraditional uses of space. Taking this vital first step is comparable to the first 25 years in the development of the microprocessor when computer processors went from millions of dollars to hundreds of thousands of dollars.

Over the next 25 years more dramatic improvements will be enabled by an all flight crew escape system and horizontal takeoff, which allows the vehicle to abort its takeoff after reaching maximum power—much like an aircraft. Costs will fall to $100 per pound for low earth orbit missions. This low price per flight will create a 15-fold increase in the size of the current projected space launch market. This larger market will, in-turn, enable this system to be developed independent of U.S. Government financial support. The number of flights per year will jump to over 2,000, which will require certification for thousands of flights.

Future generations of space travel will be almost as routine as commercial air travel today. The passenger risk will be reduced to 1 fatality per 2,000,000 flights at a cost of $10 per pound to orbit. Crew escape will be eliminated as system reliability matures. In forty years, true Spaceliners will be capable of satisfying a market demand over 10,000 missions per year—acheiving near airline-like life certification.

Doubling and tripling the structural margin will require us to move beyond traditional rocket engine cycles to a combined air-breathing rocket cycle. These new propulsion systems could allow space vehicles to takeoff horizontally like an airplane. These air-breathing vehicles will provide greater opportunities to return to earth from orbit—a key requirement for routine

commercial package delivery and military priorities. The technologies required for these systems will truly marry the best of the aeronautics and space communities.

The large increase in flights per year will demand that current operations and maintenance procedures be revolutionized. Unlike the current shuttle, which requires over 5 months to process with several thousand personnel, the next generation of systems will be turned around in one week with less than one hundred personnel. In contrast to the rigorous tear-downs and inspections required for the Space Shuttle's subsystems, the next generation vehicle's on-board health monitoring systems will tell the ground crews which systems need replacement before landing. Due to modern computer and display technologies, the number of personnel required on launch day will be reduced from 170 to about 10. An automated mission planning system will enable changes in payload and weather to be factored in less than twenty-four hours. The payload will be processed off-line and integrated into the vehicle the day prior to launch. Range safety will be accomplished using the Global Positioning System, reducing the number of personnel to a handful. Upon landing, the vehicle will, various ways, automatically restore itself, requiring minimal human intervention.

In twenty-five years, vehicles will be re-flown within one day and in forty years, within several hours with crews numbering less than ten. Fully automated ground processing systems will require only a handful of personnel to launch the vehicle. Due to the increased intelligence of on-board systems, only cursory walk-around inspections will be required between flights. Payloads will be fully containerized and loaded hours before flight. Range safety will be replaced by Aerospace Traffic Control Centers scattered around the globe, passively monitoring the multiple flights using commercial broadcast towers.

Today we've imagined our boundless future of space exploration on safe, affordable space transportation.

But, stop to think what our future will be if we don't develop the fundamental technological building blocks. To realize these ambitious goals, we must provide consistent funding for our technology programs over the next several decades.

What will inspire the next generation of Americans? We must not kill the spirit of the Lewis and Clark's among us. Our next great adventure is the exploration and development of space! If we continue to cut corners on our financial commitment without conquering this tremendous challenge of making space travel safe and affordable for ordinary people, we will stunt the pioneer spirit that brands us all as Americans.

NASA has accepted the responsibility for pushing technology because this is vitally important for our nation. The nation must focus resources on accelerated technology development if we are to remain the worldwide technology leader. We will drive the technology breakthroughs necessary to sustain and enhance U.S. military capabilities. Our Nation's defense in very dynamic times must rely on cutting-edge space launch technologies to protect our borders.

But low-cost space transportation is not just about surviving. It is about thriving economically. Our wildest dreams of doing business on the space frontier surely don't even begin to skim the surface of the incredible economic opportunities waiting beyond the horizon.

Today, the X–33 and X–34 programs are making significant strides, taking us towards these goals and will provide us with new benchmarks in how to develop and operate modern reusable launch systems. Today, I want to salute NASA's goals and dreams. They are the same ones that took Apollo 11 to the Moon 30 years ago. They should be ours as well; to develop and demonstrate in flight the required technologies to win the promise of flights to low earth orbit for $100 per pound, with a 10,000 times increase over today's safety levels.

Mr. President, I also want to endorse NASA's approach of ''build a little, test a little, fly a little'' by performing rigorous ground testing. I believe it is imperative to move forward with our X–34 sized flight demonstrations within the next 5 years.

We are at a defining moment in the development of space. The key is making space transportation affordable for ordinary people. Through innovative technology development, NASA will lead our nation as we unlock the door to the final frontier. I call on all my colleagues, and indeed the citizens of our great land, to give them our support. Let us return to a time when we made our dreams a reality—let us return to being a nation of explorers.

Mr. GRAHAM. Mr. President, thirty years ago today human beings first set foot on the surface of the Moon. The Apollo 11 landing was an unprecedented accomplishment, one that marked the culmination of a national commitment to space exploration initiated by President Kennedy.

As many of my colleagues will remember, our country's space program was a child of the Cold War. In many ways, our rivalry with the Soviet Union in space was the primary impetus for the Apollo Program. The Soviets launched the first artificial satellite. They put the first man in space. They achieved the first space walk. Thirty years ago, we were intent on responding to those milestones by putting the first man on the Moon. As then Senate Majority Leader Lyndon Johnson said, ''I, for one, don't intend to go to sleep by the light of a Communist moon.''

Today there is no Cold War, no unifying theme around which to rally our space program. Yet our exploration of space remains as important today as it was three decades ago. History tells us that those nations which developed the frontier prospered. Space is the latest frontier.

Mr. President, if I am not mistaken, the Chinese character for ''crisis'' is the same as that for ''opportunity.'' As our nation recalls the triumph of Apollo, we face both crisis and opportunity in our space program.

On May 25th, the Cox Commission reported multiple instances of sensitive American nuclear and missile technology falling into the hands of the People's Republic of China. It identified the lack of a sufficient United States commercial space launch capacity—a problem that has sent launch business to nations like China—as one of the reasons for this transfer of information.

The numbers tell an alarming story. Though nearly 70% of the world's commercial satellites are assembled in the United States, less than 45 percent are launched from our shores. Because more than 60 U.S. satellites have been approved for export to launch from Russia, the Ukraine, and China since 1995, U.S. rocket manufacturers and their vast supplier network have lost approximately $2.4 billion in direct revenues—a figure that doesn't include American satellite launches by the powerful European Arainespace Consortium.

Why are we losing out to other nations? One reason is cost. As scientist and author Gregg Easterbrook pointed out in the June 2, 1998 edition of the New York Times, companies that launch satellites aboard American space vehicles can expect to pay between $10,000 and $12,000 per pound. Nations like China—where government partially subsidizes the cost of satellite launches—can offer the same services for half the cost.

A second reason for our nation's declining share of commercial space launches is the relatively small number of available launch vehicles in the United States. From 1977 to 1986, the space shuttle was the only spacecraft authorized to carry satellites into orbit. That nearly ten-year hiatus in American rocket development gave a huge advantage to nations that used that time to build and improve the Russian Proton, European Ariane, and Chinese Long March rockets.

Last fall, I joined Senator CONNIE MACK (R–FL), U.S. Representative DAVE WELDON (R–FL), members of the House Science and Senate Commerce Committees, and a broad, bipartisan coalition in tackling these problems

through the enactment of the Commercial Space Act. That legislation took steps to create a stable business environment for the U.S. commercial space industry, while simultaneously making the government's use of space technology more efficient and saving taxpayers millions of dollars. Even better, it did not add new federal regulations or raise taxes by so much as a penny. President Clinton signed it into law on October 28, 1998.

The Commercial Space Act will help to address the cost and capacity problems that have plagued our nation's commercial space industry. For example, it breaks the federal government's monopoly on space travel and encourages launch options that might lower costs. Until the passage of this legislation, the space shuttle was the only American craft authorized to both leave and re-enter our planet's atmosphere. Commercial companies that have an interest in providing repeat services to their customers might benefit from the same principle of reusability that powers Columbia, Discovery, Atlantis, and Endeavor.

In addition, our legislation helps to mitigate the United States' dearth of launch vehicles by allowing the conversion of excess ballistic missiles into space transportation carriers. International arms control agreements have rendered these missiles useless for national defense, and the hundreds in storage eat up close to $10 million a year. Replacing their nuclear warheads with scientific and educational payloads will give the United States a practical, low-cost method for putting satellites into orbit.

But more and less expensive rockets will do little to erase other nations' competitive advantage if the United States does not have the infrastructure needed to launch them. That's why a similar bipartisan coalition recently introduced the Spaceport Investment Act. This legislation would make the financing of spaceport construction and renovation 100% tax-free—an innovation that could spur private investment in the important task of building and modernizing our nation's space launch facilities.

While airports, high speed rail, seaports, mass transit, and other transportation projects can raise money through tax-exempt bonds, spaceports do not currently enjoy such favorable tax treatment. This amounts to a glaring omission in federal policy. Airlines, cruise, and shipping lines could not exist without airports and seaports. In the same fashion, state-administered spaceports provide vital incentives for space-related economic growth by supplementing the launch infrastructure already provided by the federal government.

My home state offers tangible proof of spaceports' value to the commercial space industry. Since its creation in 1989, Spaceport Florida has facilitated more than $100 million in space-related construction and investment projects. This includes the modification and conversion of Launch Complex 46 from a military to a commercial space facility.

Virginia, Alaska, and California also host spaceports, and ten other states—Idaho, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, Oklahoma, Texas, and Utah—are considering their establishment. We must take advantage of this opportunity to make the public and private sectors partners in the effort to build badly needed launch sites around the nation.

The Commercial Space Act and Spaceport Investment Act will boost the effort to recapture space business in the United States. But these legislative initiatives must be part of a larger solution. In the coming months, I will be exploring the idea of a National Space Summit that brings together lawmakers, federal and state space administrators, business leaders, and academic representatives with the goal of launching a united effort to revitalize our commercial space industry and reverse our rapidly declining share of space launches.

Mr. President, while we recognize the historical significance of today's date, we must not let the accomplishments of the past dilute our focus on the future. My proposal is an innovative and efficient method for encouraging private and public cooperation in the important goal of revitalizing our national reach for the stars.

I urge my colleagues in the Senate to join us in this important effort to repave our pathways to outer space. This would be a fitting tribute to the brave pioneers who landed on the Moon thirty years ago today. Those early explorers sacrificed much for our nation's commitment to space exploration. Just yesterday, one of these pioneers, Apollo 12 Commander Pete Conrad, was buried in Arlington National Cemetary. Let us produce a lasting memorial to these astronaut heroes by rededicating ourselves to their cause.

Mr. BURNS. Mr. President, today I rise to join my colleagues in a tribute to the 30th anniversary of the Apollo 11 mission. Thirty years ago today, our nation was launched into the lead of a global space race. Not only was this an important step for our nation, it was an important step for America in the Cold War—a war waged in technological and economic terms rather than on the front lines of the battlefield. A war in which America later claimed victory during President Reagan's administration.

The Apollo 11 mission played a role in that victory. The famous words, ''one small step for man, one giant leap for mankind'' was more than appropriate. It was one of the highlights of NASA and during the pinnacle of the agency's existence. On the morning of July 16, 1969, the mission's Saturn V rocket was launched from the Kennedy Space Center, landing on the moon four days later. On board with Neil Armstrong and Buzz Aldrin was Michael Collins, who piloted the command module while his comrades used a landing craft, the *Eagle*, to make that historic visit to the lunar surface.

The mission was a unifying event in an era when America was wracked by social protest and divided over the Vietnam War. People across the country, and around the world, sat glued to television sets as the Apollo crew did what was once thought impossible. The important achievement of Apollo demonstrated that humanity is not forever chained to this planet.

Mr. President, I regret that the push for manned space flight has faded in the years since Apollo. I find it ironic, that 30 years after first going to the moon that children today are learning about space travel in history class, rather than science class.

May 13, 2004, will mark the launch of the Corps of Discovery bicentennial. It was during this adventure that Meriwether Lewis and William Clark, along with a small band of men, set out on a voyage of exploration that was to earn them a place in America's history. Tasked with exploring a new and largely unknown world, Lewis and Clark opened the West and provided storytellers with a compelling, historic drama.

Today, NASA's role in space exploration parallels the role of the Corps of Discovery. No other federal agency is faced with such intriguing and limitless boundaries. No other federal agency captivates the attention of school children around the nation.

But NASA's obstacle is not a technology barrier—rather it is a barrier of financial abilities. Space activities require decades of planning. Short-term constraints of a political agenda do not address this necessity. It is not where we want to be next year, rather where we want to be 20 years from now. That is a blindness many politicians are hampered with.

For the sixth year in a row, NASA's budget has declined while its productivity improves. We know what NASA is able to do. In the 1960s, the Saturn/Apollo program put a man on the moon. Only recently has the commercial sector approached NASA's heavy-lift capacities.

Our nation's history is one of triumph and tragedy. We have rejoiced in NASA's success and mourned in its grief but the Apollo 11 mission was one of the greatest moments in our nation's history.

I thank the Chair.

Mr. FRIST. Mr. President, thirty years ago Neil Armstrong took his historic first steps on the surface of the

moon, fulfilling the dreams of his fellow astronauts, his country, and the entire human race. His ''small step'' has inspired the following generations in a quest to explore the frontiers of space. Space travel has encouraged ingenuity that permeates American society. National Aeronautic and Space Administration (NASA) accomplishments have led to technological advancements utilized in everyday life, as well as increased math and science interest among school children, and the development of a multi-billion dollar commercial space industry. While there are many benefits of space exploration, the United States still faces the challenge of developing a cost effective strategy to manage existing space programs. We should build on the legacy of Apollo II by forging ahead with both basic R&D and advanced future technologies in a cost effective and well-managed collaborative effort with private industry.

The accomplishment three decades ago of the seemingly impossible task of sending a man to the moon led to a newly found confidence in the power of science. President Kennedy challenged America in 1961 to send a man to the moon, when many people believed it to be impossible. Within a decade, America had risen to the challenge by demonstrating their technological superiority over the rest of the world with Apollo 11. Such a powerful display of technology is a catalyst of a cycle resulting in an increased standard of living for many Americans. The cycle begins as many young people are motivated to pursue science as an academic discipline. New scientific interest results in an increase in basic research funding at universities and corporations. The cycle is completed when advancements ranging from more comfortable mattresses to better radiation treatment for cancer patients begin to make their way into everyday life. Other emerging applications include agricultural remote sensing techniques, distance learning, and telemedicine. The increased productivity attributable to these applications will serve as a stimulus to the national economy.

Commercial space launch is an entire industry that has stemmed from the application of technology in space. The broadcast, telecommunications, and weather industries all increasingly rely on satellites to provide the most effective services. The U.S. commercial launch industry had revenues totaling $2.4 billion dollars in 1997. This industry is projected to grow exponentially over the coming years. The Commerce Department estimates that over 1,700 satellites are expected to be launched over the next ten years—70% of which will come from the commercial industry. It is clear that if the United States is to remain the world's leader in this domain, we must begin now to modernize the Nation's space launch capacity. That means reviewing the state of our outdated launch vehicle technology, our costly infrastructure, and the financial insurance needs that are key to the growth of this industry.

The immediate future of NASA lies in the International Space Station, an international cooperative effort to build a research facility in space. The International Space Station will provide a unique environment for research with the absence of gravity, allowing new insights into human health and disease treatments. However, this innovative research facility bears a price tax of approximately $100 billion dollars to the American taxpayers. Although this program is a long-term investment which will bring discoveries unimaginable to today's scientists, it is our duty to protect the American taxpayers from unsatisfactory performance of the participating foreign partners, prime contractor, and program management. Congress must insist on further accountability from NASA in order to most effectively support this program. We should not allow delays in foreign components of the International Space Station to increase the burden on American citizens.

On this day in 1969, Neil Armstrong knew that he was making an important first step. We have the responsibility of taking the next step by determining the future path for NASA and the space industry. Our efforts to reach the moon required a creative approach to a difficult challenge. In the spirit of the Apollo program, I call on NASA and policy makers to take a creative approach to ensuring fiscal responsibility while fostering the innovation that benefits every American.

Mr. BROWNBACK. Mr. President, I rise in support of the resolution submitted by Senator SHELBY commemorating the 30th anniversary of the first lunar landing, an event that will be remembered as one of the most important events of our country and century. Americans remember the landing on the lunar surface not only with a sense of historical significance, but also with one of honor and pride in the accomplishment of the crew of Apollo 11 and the men and women of NASA who made it possible.

This mission was conducted during a tumultuous time in our country's history. Sending a man to the moon forced us to marshal our country's vast talent and technological resources and to drive our creative energies to the breaking point. Apollo proved that necessity is the mother of invention. The Apollo mission required us to make quantum leaps in propulsion systems, airframe materials, electronics, and other scientific areas in an impossible amount of time.

I congratulate Neil Armstrong, Buzz Aldrin, the late Michael Collins, and NASA for their courage to lead our country to the new world of space. While our accomplishments in space have continued, space still offers us a vast and unexplored frontier. America has been, and should remain a world leader in space research, technology, and exploration. It is on this 30th anniversary of the first lunar landing that America should renew its support for our space program and challenge ourselves once again as we begin a new century.

Mr. WARNER. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to this resolution be printed in the RECORD.

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

The concurrent resolution (S. Con. Res. 46) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 46

Whereas the Apollo-11 mission successfully landed a manned spacecraft on the Moon on July 20, 1969, marking the first time in history that humans have walked on the surface of the Moon or any other planet;

Whereas the 6 Apollo missions successfully departed Earth aboard a Saturn V Rocket, the largest and most powerful American rocket ever produced, en route to the Moon;

Whereas 12 Americans successfully landed on the surface of the Moon where they performed various experiments and collected samples for study, and planted the flag of the United States of America in the lunar soil achieving a milestone in American and human history;

Whereas the contributions of other Americans who made up the thousands of contractors and Government employees who worked on the Apollo program are recognized; and

Whereas the events of the Apollo missions are examples of the great achievements of the American space program reflecting the explorer's spirit of the American people: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's.

ORDERS FOR WEDNESDAY, JULY 21, 1999

Mr. WARNER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:30 a.m. on Wednesday, July 21. I further ask consent that on Wednesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business until 10:30 a.m., with Senators permitted to speak for up to 5

minutes each, with the following exceptions: Senator DURBIN, or his designee, 30 minutes; Senator HATCH, or his designee, 30 minutes.

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

Mr. WARNER. Mr. President, I further ask unanimous consent that following morning business the Senate resume consideration of the intelligence authorization bill, and Senator BINGAMAN be recognized at that time in order to offer an amendment.

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

PROGRAM

Mr. WARNER. For the information of all Senators, the Senate will convene at 9:30 a.m. and be in a period of morning business for 1 hour. Following morning business, the Senate will resume the debate on the intelligence authorization bill. Senator BINGAMAN will be recognized to offer a second-degree amendment regarding field reporting to the Kyl amendment regarding Department of Energy reforms. Other amendments are expected to be offered and debated throughout tomorrow's session of the Senate. Therefore, Senators can expect votes throughout the day and into the evening.

The majority leader would like to inform all Members that the Senate will remain in session on Wednesday until action is completed on the pending intelligence authorization bill. Upon completion of the intelligence authorization bill, it is the intention of the majority leader to proceed to any appropriations bill on the calendar.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. WARNER. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:25 p.m., adjourned until Wednesday, July 21, 1999, at 9:30 a.m.

HOUSE OF REPRESENTATIVES—*Tuesday, July 20, 1999*

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mrs. WILSON).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 20, 1999.

I hereby appoint the Honorable HEATHER WILSON to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 25 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes, but in no event shall debate extend beyond 9:50 a.m.

The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

NAFTA/BORDER CROSSING

Mr. BLUMENAUER. Madam Speaker, part of the challenge of a livable community is to help people compete in and adjust to the new global economy. Trade in North America is an important part of that challenge. Since the passage of the North American Free Trade Agreement, the commerce between Mexico and the United States has grown from $80 billion to about $200 billion and is steadily rising. In part, it could be said to be working.

But there are some points of serious challenge that are hidden in the statistics about commerce. I am particularly concerned about lax cross-border crossing controls that put the driving public at risk and put United States trucking and passenger transport at a competitive disadvantage.

There are some very serious problems, the most significant of which is that Mexican enforcement programs are still virtually nonexistent 5 years after the enactment of NAFTA. And according to the Inspector General, our own United States Department of Transportation does not, and I quote, ''. . . have a consistent enforcement program that provides reasonable assurance of the safety of Mexican trucks entering the United States.''

Furthermore, should the moratorium on cross-border trucking be lifted in the near term, our Department of Transportation is not ready to reasonably enforce the United States' safety regulation on Mexican carriers. Few of the 11,000 trucks now crossing daily into the United States are inspected, and almost one-half of those which are inspected have problems so serious they must be immediately ordered off the road. Yet, it is not clear even those ordered off the road comply.

Also, the Department of Transportation and State inspectors do not routinely provide inspection coverage on evenings or weekends, thereby allowing thousands of trucks to enter the United States without even the threat of possible inspection.

It is not just a problem dealing with trucking. Mexican buses and passenger vans pose a serious threat to highway safety, with low inspection rates and an out-of-service rate twice as high as United States buses.

Under recently enacted TEA 21, $124 million of infrastructure was allocated for border and trade corridor investment. There is certainly the need and there are resources available. The DOT should use the $10 million per year in TEA 21 for national priority and border safety enforcement activities to station staff at the border and to assist State border oversight efforts.

Moreover, Texas and Arizona border inspection facilities and staffing are woefully inadequate. Neither State has permanent truck inspection facilities at the border, even though 76 percent of cross-border truck traffic entering the United States comes through those two States.

The issue goes beyond just simply what happens at those borders. There are 24 other non-border States that the Inspector General found where over 600 inspection records suggest that 68 motor carriers domiciled in Mexico operated illegally outside the permitted United States commercial zones.

I feel very strongly, as a person who supports free trade, and I would have voted for NAFTA had I been in Congress at that time, because my area and increasingly the United States economy is contingent upon free and open trade activity, but there is no excuse for us to have at risk our environmental and safety laws.

This week over 30 of my colleagues are calling upon the Committee on Transportation and Infrastructure chairman, the gentleman from Pennsylvania (Mr. SHUSTER), and the ranking member, the gentleman from Minnesota (Mr. OBERSTAR), to consider convening hearings on these serious cross-border problems associated with commercial vehicles and NAFTA. Being able to focus on the problem, and more important, to be able to bring the United States' action to bear, both on the Federal level and the State level, is critical if we are going to fully realize the promise of free trade without putting our Nation's citizens and our environmental laws at risk.

COMMEMORATING THE THIRTIETH ANNIVERSARY OF THE APOLLO 11 MOON LANDING

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. WELDON) is recognized during morning hour debates for 5 minutes.

Mr. WELDON of Florida. Madam Speaker, 30 years ago today history was made. For the first time homo sapiens took their first steps on a new world. Thirty years ago today, American know-how and technological might was demonstrated in a way that benefited every human on this planet. Thirty years ago we aimed higher than ever and accomplished that goal.

The names Michael Collins, Buzz Aldrin, and Neal Armstrong will forever be etched in the edifice of human history, next to the names of Columbus and Lindbergh.

We all know the phrases, ''The Eagle has landed,'' and ''That's one small step for a man, one giant leap for mankind.'' Most of us can remember where we were at the time when the Eagle did make that landing. The magic of television helped us all feel like we were part of what was going on on the Moon.

I remember well where I was. I sat in my living room with my mother and father and my three sisters, each of us glued to the television set in disbelief that we had actually lived to see people, humans, setting foot on another planet.

Our efforts into space have an uncanny ability to unite all people and excite the imagination like nothing else. One of the privileges that I have had in serving in this position is the opportunity to travel and meet many teachers, and they all tell me, the thing that they find that most excites

their young students to study math and science is our space program, particularly our manned spaceflight program.

As we all know, today in America the majority of the new high-paying jobs are being created in high technology industries like the computing industry, and those jobs are dependent on America producing young people ready to go into the workplace with skills in math and science.

Indeed, the computing industry is so big that it is generating jobs for artists, for marketers, and for other people who do not traditionally study in the sciences. Many of these jobs are dependent on motivating our kids. There is nothing that motivates our kids more than our space program.

Today I am proud to say that the shuttle Columbia is now preparing to leave the Earth later this week on a mission to deploy a new space-based telescope, a telescope that will aid in our understanding of our place in the universe.

Madam Speaker, we should be proud of our space program, and on this day, the 30th anniversary of the first manned lunar mission, we should continue and remember to support our space program to the fullest extent possible.

PRICE DIFFERENTIALS IN PRESCRIPTION DRUGS ARE A FORM OF PRICE DISCRIMINATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from West Virginia (Mr. WISE) is recognized during morning hour debates for 5 minutes.

Mr. WISE. Today I am releasing the results of a report that we have done, a study that we have done, an international comparison of retail prescription drug prices and the rate that West Virginia senior citizens pay versus what a citizen would pay in Mexico or Canada for the same prescription drug.

The results are astounding. What we have concluded is that West Virginia senior citizens, and incidentally, this is true for all senior citizens across the country, West Virginia senior citizens pay significantly higher retail prices for prescription drugs than consumers in either Canada or Mexico.

This also applies to other nations as well. We chose Canada and Mexico as ones that we could survey easily. For instance, in Canada, West Virginia senior citizens will pay, on the average, the average retail price difference will be 99 percent more for certain prescription drugs than the Canadian citizen will pay. A West Virginia senior citizen will pay 94 percent more than a citizen in Mexico for the same drug.

We took five prescription drugs, and these are not generic medications, five prescription drugs that are the five patented non-generic drugs with the highest annual sales to senior citizens in 1997. They are Zocor, Prilosec, Procardia XL, Zoloft, and Norvasc.

If we look at just the top two, Zocor, these are prescription drugs that our senior citizens need the most and buy the most. If we look at Zocor, the Canadian retail price for the particular dosage is $46.14. If we look at the Mexican retail price, $63.15 cents. If we look at the West Virginia senior citizen out-of-pocket price, it is $114.48. Prilosec, that is $54.87 to the Canadian consumer, $39.47 to the Mexican consumer, and $127.34 to the West Virginia consumer.

So the price differential, once again, between Canada and West Virginia is 132 percent, between Mexico and West Virginia is 223 percent, as illustrated in the chart I have here, with Canadian price in blue, the Mexican price in red, and the West Virginia senior citizen price in beige.

We looked at two other medications as well, Synthroid and Micronase. We found in those particular cases that West Virginia consumers would be paying three times, and in one case as much as nine times, more than their Canadian and Mexican counterparts. This simply is not fair, Madam Speaker. Senior citizens in West Virginia should not have to go to Toronto or Tijuana to do their prescription drug buying. Why is it that Zocor costs more for a senior citizen in Martinsburg or Maronette, West Virginia, than it does for a citizen in Montreal or Mexico City?

Two weeks ago I issued a report comparing prices that a West Virginia senior citizen would pay versus what the prescription drug companies were charging their most favored customers, HMOs, insurance companies, and the Federal Government. The results were exactly the same. It does not matter where we are, apparently, in the world, maybe in the universe, but if you are a West Virginia senior citizen, you are going to be paying more out of pocket than the favored customers who negotiate lower rates with the prescription drug companies, or even consumers in foreign countries.

I object what some are going to say. They are going to say, but, Congressman, the production cost of that medication is different in Mexico or Connecticut or wherever else it is being purchased. GAO looked at this in 1992 and concluded that production and distribution and research and development costs did not account for this large price differential; that indeed, it was simply a markup.

Indeed, I question whether the prescription drug companies are even spreading those research and development costs across the entire world consumer base. My study shows, and incidentally, let me just thank very much the gentleman from California (Mr. WAXMAN), the ranking member of the Committee on Government Reform and Oversight, and his staff who provided much of the background and did much of the analysis for this study.

What our study shows, though, is that people who need the prescription drugs the most, the senior citizens in our country, and who have the least ability to pay end up paying the most. Why? Because the prescription drug companies engage in differential pricing. These folks, the senior citizens, are the ones who pay out of pocket. They are the ones who are paying the bulk of this.

Mine is not the only report that illustrates this. Look at the Canadian Patented Medicine Price Report. I would just say in closing, Madam Speaker, that clearly West Virginia senior citizens are paying far too much out of pocket for the same prescriptions that their counterparts are paying in other parts of the country and the world.

WILL WE SQUANDER OUR SURPLUSES?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Madam Speaker, I am sure everybody this morning has heard all about the surpluses we have here. We have had the Office of Management and Budget, which is the arm of the White House, indicate that there will be $1 trillion in surpluses over the next 15 years, and we have heard information from the CBO, which is the arm of Congress, also saying there will be a huge amount of surpluses.

My concern this morning is that the spending that we are talking about here in Congress is increasing, and I hear all the new programs that the President is proposing, so I am concerned. I thought I would bring my concerns to the floor today to discuss with my colleagues a couple of things we should concern ourselves with.

When the Congressional Budget Office and the Office of Management and Budget made their forecast, they used the assumption that none of the spending increases would break the budget caps; that is, the spending limits set by the 1997 Balanced Budget Agreement would be held intact.

I think we all know here this morning that we have already broken the budget caps in some ways, and many of us feel that, in certain areas, we should. But there are several factors that must be in place in order for these optimistic forecasts that CBO and OMB have projected to become reality.

Besides holding within the caps from the 1997 Balanced Budget Agreement, there is a built-in assumption in both these organizations that the economy

will continue to chug along with a growth rate of 2.5 percent a year until the year 2008. In other words, there is nothing built in in that case that we have a recession. Maybe we will not have a recession, but there is a possibility that if we do not have a recession, at least the economy will slow down.

Madam Speaker, today we have two assumptions that are built into the CBO and the OMB's projection; one, that we will stay within the budget caps, and two, no recession or economic downturn will occur over 10 years, possibly 15 years. My colleagues, both of those assumptions are difficult to believe under today's realities.

The 1997 budget agreement set tight spending controls on the growth of discretionary spending. Discretionary spending accounts for a great deal of the spending by the Federal Government, and the portion of the budget that the folks here in Congress can control. It includes but is not limited to such items as the Department of Education, the FBI, disaster relief, and all these other programs.

If we adhere to the spending caps, then everything will be fine, but that is a big if. As I mentioned earlier, the only problem is that Congress is already having a difficult time in keeping it within the limits set by the Balanced Budget Act of 1997. Is it realistic to think that in the year 2009, that is part of the projection of these organizations, that there will only be an 11 percent increase in spending? That is just a little over 1 percent a year.

Let us go back in history and take a look at how that compares to what we did in the last 11 years. From 1987 to 1998, discretionary spending rose by 75 percent. That is just a little under 7 percent. So I say to my colleagues, even the projection that these organizations are providing and we in Congress are assuming, that discretionary spending will increase by 1 percent, is not accurate, because in the past it has been almost 7 percent.

So we have some real difficulties that are looming before us. The appropriators have already indicated they cannot stay within the limits imposed by the 1997 budget. Therefore, if domestic spending should begin to rise, then the interest payments on the debt will not decline. If the surplus starts to decline, then the debt in turn will increase, and interest payments will continue to increase, also.

In conclusion, Madam Speaker, the two assumptions that CBO and OMB have used have great validity only if they come true. The first assumption is that we will stay within the budget caps. As we know, we have already broken the budget caps in certain areas, and I expect we will probably break them again.

The second assumption is that there will be no recession in the next 10 to 15 years. That too is not realistic. I caution my colleagues that we need to try, as much as possible, to control spending because I think the Balanced Budget Agreement set us on the right course. I hope we will not deviate, and try to restrain spending.

I call upon the President also. For every new program that he offers us, he has to come up with a way to offset it. We must hold the line on spending, and if we do these things, hold the line on spending and continue to reduce taxes, I think that we can look at surplus into the future.

AN IRRESPONSIBLE FINANCIAL FREEDOM ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Texas (Mr. DOGGETT) is recognized during morning hour debates for 4 minutes.

Mr. DOGGETT. Madam Speaker, let me just say that I want to associate myself fully with the remarks just made by my Republican colleague, the gentleman from Florida (Mr. STEARNS). He made some excellent points.

Though it may not have been intended, I think he makes a very compelling case for how extremely irresponsible the Republican so-called Financial Freedom Act is that is to be presented on this floor tomorrow.

I, as a person who has for the last several sessions been among the leading deficit hawks, according to the Concord Coalition, refer to the comments of the founders of that organization, Warren Rudman, a former Republican Senator who wrote just within the last week remarks very similar to our Republican colleague, the gentleman from Florida, in saying that the surplus is only a projection that cannot be spent.

If spending is increased, and he adds something my colleague, the gentleman from Florida, failed to mention, our taxes are cut based on the expectation of large surpluses, and the projection turns out to be wrong, deficits easily could reappear where surpluses are now forecast. Most economists have therefore advised that the best thing to do with the surplus is to pay down the debt, or to deal with this problem of the retirement security through security accounts.

I believe that is correct. If we are to dissipate a surplus that may not even exist over the course of the next 10 years, we will be back into the years of Reagan red ink, where we have more and more deficits which we are finally, through responsible policies, being able to work ourselves out of.

I think, though there is substantial competition in this Congress, it is very difficult to find anything more irresponsible than the so-called Financial Freedom Act. It is really a bill that ought to be called ''the Freedom From Financial Reality Act,'' because it disregards the very realities our colleague, the gentleman from Florida, has just been pointing to.

This bill proposes to have essentially a $1 trillion tax cut. It is the equivalent, in terms of financial responsibility, of our Republican colleagues piloting the SS Titanic through the deficits ahead, and the dance band playing the tune of ''We don't believe in icebergs,'' or in this case, ''We don't believe in deficits.''

So irresponsible has their path been that they now find themselves proposing to reduce their own tax cut I think it is by approximately $72 billion, because they have exceeded their own irresponsible budget resolution, as noted by our colleagues across the Capitol.

But shaving off $72 billion from a bill that is as irresponsible as the one our House Republican colleagues have proposed is little more than the equivalent of tossing the deck chairs off the Titanic after the iceberg has been hit.

We face very perilous times if this Republican proposal is advanced, because it threatens the very security of our economic expansion. We have an unparalleled economic expansion going on at present in this country. Families all throughout this Nation have benefited in varying degrees, many just now beginning to share in the benefits of this economic expansion, and to threaten that by going back to the old deficit approach I think would be a real mistake.

It is that same threat of irresponsible action in this Republican tax bill that also jeopardizes our ability to assure the security of Medicare and social security, and to address the concerns that our colleague, the gentleman from West Virginia, just raised about the lack of prescription drugs and the discrimination against seniors with reference to prescription drugs.

All of these issues are at stake in this battle over the Republican tax bill. Indeed, it is not only our colleague, the gentleman from Florida, but the chairman of the Federal Reserve Board, Alan Greenspan, who has addressed this issue as he came before our Committee on Ways and Means.

He had pointed out that, ''It would be a serious mistake to avoid reducing the surpluses and to yield to the short-term political temptation of a tax cut.'' I urge the rejection of this Republican mistake.

SECURE MEDICARE AND SOCIAL SECURITY BEFORE GIVING TAX CUTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Massachusetts (Mr. NEAL) is recognized during morning hour debates for 4 minutes.

Mr. NEAL of Massachusetts. Madam Speaker, I would just like to question, if I could, the gentleman from Texas for 1 moment.

I ask the gentleman, was it not the underlying assumption of the previous speaker, the gentleman from Florida (Mr. STEARNS) suggesting that long-term economic projections are notoriously unreliable?

Mr. DOGGETT. Madam Speaker, will the gentleman yield?

Mr. NEAL of Massachusetts. I yield to the gentleman from Massachusetts.

Mr. DOGGETT. Indeed, he made the point quite well that so many economists share in, that we cannot count on those surpluses. They depend on everything, including the weather, and they are about as reliable as the weather report for 10 years from now.

Mr. NEAL of Massachusetts. Madam Speaker, it seemed to me to be startling to suggest, and I agree with him, incidentally, that we would project surpluses for the next 10 to 15 years based upon current economic assumptions.

Mr. DOGGETT. Absolutely outrageous, and Chairman Greenspan shared that concern also. That is why he emphasized in unequivocal terms that this Republican tax proposal would be a mistake, and pointed to the advantages that he said would accrue to the economy from a significant decline in the outstanding debt to the public; that that is the kind of thing that can keep our expansion going and can help us to secure social security and Medicare.

Mr. NEAL of Massachusetts. I ask the gentleman, these suggestions are being made in advance of having solved the Medicare and social security problem; is that correct?

Mr. DOGGETT. Indeed, this proposed Financial Freedom Act, the Freedom From Reality Act, proposes about a $1 trillion cut in the next 10 years, and then, as those baby boomers are really beginning to demand and need social security and Medicare, it explodes in the next 10 years another $2 or $3 trillion. These numbers do get so big, but we are talking not about billions but trillions of dollars that are likely to be additional debt at the very time many Americans are retiring and need social security and Medicare.

That is why I think Chairman Greenspan, not only in answer to my questions, but just to turn the chart around, answered a specific question about the very kind of proposal, an outrageously irresponsible proposal, the Republicans have presented.

A Republican colleague, asking in front of the committee that approved this bill, ''Would you support, say, the proposal being touted currently for a 10 percent across-the-board reduction in tax rates?'' And Chairman Greenspan says, ''Well, Congressman, as I said at the beginning, my first preference is to allow the surplus to run, because I think that the benefit to the economy through the strength of increasing savings is a very important priority for this country.''

We are concerned as Democrats not with spending but saving, saving the economic expansion we have, saving Medicare, and saving social security.

Mr. NEAL of Massachusetts. Madam Speaker, what we are essentially saying here on the Democratic side is this: we are not against tax cuts. We are simply suggesting that once we certify that social security and Medicare have been fixed for the next I think 65 years on the social security side and 35-plus years on the Medicare side, as certified by the trustees and actuaries of both those programs, then we are saying that we want to be able to entertain the notion perhaps of modest tax cuts, as proposed by President Clinton and the Democratic alternative.

Mr. DOGGETT. Absolutely. And I know we will hear shortly about a Democratic alternative to try to provide some fairness to middle-class workers in this country and families. I know the gentleman himself has introduced a proposal to try to simplify this complicated web called the Internal Revenue Code.

We have a number of creative Democratic proposals to try to get a little fairness for the people that are out there trying to hold their families together and earn a middle-class income. But to give it all to those at the top of the economic ladder, one-third of the benefits to individuals in this Republican bill go to families that earn over $200,000 a year, so that is not the typical middle-class family. They want to just let a little dribble down to the rest of us. But I think that is not the right approach.

Mr. NEAL of Massachusetts. As is always the case, it is a question of priorities, is it not?

Mr. DOGGETT. Absolutely.

Mr. NEAL of Massachusetts. We are suggesting that Medicare and social security come first and then we can talk about tax cuts, or as the gentleman has indicated, I think, accurately so, what we are saying is, do not disturb the current economic growth that we have in anticipation of something that might not ever occur, massive budget surpluses.

Mr. DOGGETT. Do not bet on the come, stick with economic reality.

THE DEMOCRAT PLAN FOR A FAIRER BUDGET AND TAX PLAN

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New York (Mr. RANGEL) is recognized during morning hour debates for 3 minutes.

Mr. RANGEL. Madam Speaker, after listening to the observations of my colleagues, I cannot believe that the majority is serious in saying that they have to take this surplus and convert it into a tax cut because the people in Washington would surely spend it.

I do not know whether they can count, and even though it is true that the number does dwindle day by day, but the truth is that they are in the majority. So if basically what they are saying is, stop me before I hurt the country, it is too late. They have already done that.

But in years ago, before the Republicans had the majority, a tax bill was not a political document, it was something that we would have for economic growth, to give assistance to the American people. Now we find that, through no fault of this Congress, there is going to be a baby boomer crop coming in 2015. People are going to mature, they are going to be eligible for social security, eligible for Medicare, and we have the ability among us to really take care of that unexpected booming course that we are going to have.

But instead of talking about that, these Republicans are talking about putting their foot in the door, as the gentleman pointed out, not just for the next 10 years but for the 10 years that follow that, that is going to go into trillions of dollars.

We cannot challenge them because they have the votes. We cannot challenge them because there are no committee meetings. We cannot challenge them because we do not go into caucus to discuss what they are doing. But one thing is certain, that the minority will be presenting a fairer package to the American people, one that includes taking care of the social security system, taking care of Medicare, and making certain that we reduce the Federal debt, as well as target a relief for the taxpayer.

Mr. NEAL of Massachusetts. Madam Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Massachusetts.

Mr. NEAL of Massachusetts. Madam Speaker, I would ask the gentleman from New York, is it his projection and the position of the Democratic minority that what we are really discussing is the repair of social security and Medicare first and debt reduction, and then tax cuts?

Mr. RANGEL. It is the only responsible thing to do. We want tax cuts like anyone else, but the American people want to make certain that we have taken care of the social security system, we have taken care of Medicare, we have taken care of prescription drugs, reduced the Federal debt the best we can, and give an equitable tax cut.

Mr. DOGGETT. Madam Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Texas.

Mr. DOGGETT. As the soon-to-be chairman of the Committee on Ways

and Means himself, would the gentleman from New York expect that this year it would be possible to have a few fully paid for, not taken out of social security, but fully paid for tax cuts that could be targeted to help middle-class families?

Mr. RANGEL. There is no question, if we were talking about education, if we were talking about long-term health care, if we were talking about day care, if we were talking about removing the pains of the marriage penalty, these things we can and we will do.

Mr. NEAL of Massachusetts. One quick question: Fix social security first, Medicare first, and then tax cuts?

Mr. RANGEL. You got it.

RECESS

The SPEAKER pro tempore. There being no further requests for morning hour debates pursuant to clause 12, rule I, the House will stand in recess until 10 a.m.

Accordingly (at 9 o'clock and 35 minutes a.m.) the House stood in recess until 10 a.m.

□ 1000

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. CALVERT) at 10 a.m.

PRAYER

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

For our prayer this day, let us use the words of Isaac Watts:

O God, our help in ages past, our hope for years to come, our shelter from the stormy blast, and our eternal home.

Before the hills in order stood, or earth received its frame, from everlasting you are God, to endless years the same.

Time, like an ever-rolling stream, soon bears us all away; we fly forgotten, as a dream, dies at the opening day.

O God, our help in ages past, our hope for years to come, still be our guard while troubles last, and our eternal home. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from New York (Mr. MCNULTY) come forward and lead the House in the Pledge of Allegiance.

Mr. MCNULTY led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, A bill of the House of the following title:

H.R. 2490. An act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 2000, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2490) ''An Act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 2000, and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CAMPBELL, Mr. SHELBY, Mr. KYL, Mr. STEVENS, Mr. DORGAN, Ms. MIKULSKI, and Mr. BYRD, to be the conferees on the part of the Senate.

PRIVATE CALENDAR

The SPEAKER pro tempore. This is Private Calendar day.

The Clerk will call the first individual bill on the Private Calendar.

SUCHADA KWONG

The Clerk called the bill (H.R. 322) for the relief of Suchada Kwong.

There being no objection, the Clerk read the bill as follows:

H.R. 322

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT RESIDENT STATUS FOR SUCHADA KWONG.

(a) IN GENERAL.—Notwithstanding subsections (a) and (b) of section 201 of the Immigration and Nationality Act, Suchada Kwong shall be eligible for issuance of an immigrant visa or for adjustment of status to that of an alien lawfully admitted for permanent residence upon filing an application for issuance of an immigrant visa under section 204 of such Act or for adjustment of status to lawful permanent resident.

(b) ADJUSTMENT OF STATUS.—If Suchada Kwong enters the United States before the filing deadline specified in subsection (c), she shall be considered to have entered and remained lawfully and shall, if otherwise eligible, be eligible for adjustment of status under section 245 of the Immigration and Nationality Act as of the date of the enactment of this Act.

(c) DEADLINE FOR APPLICATION AND PAYMENT OF FEES.—Subsections (a) and (b) shall apply only if the application for issuance of an immigrant visa or the application for adjustment of status is filed with appropriate fees within 2 years after the date of the enactment of this Act.

(d) REDUCTION OF IMMIGRANT VISA NUMBER.—Upon the granting of an immigrant visa or permanent residence to Suchada Kwong, the Secretary of State shall instruct the proper officer to reduce by 1, during the current or next following fiscal year, the total number of immigrant visas that are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, the total number of immigrant visas that are made available to natives of the country of the alien's birth under section 202(e) of such Act.

With the following committee amendment in the nature of a substitute:

Strike out all after the enacting clause and insert:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT RESIDENT STATUS FOR SUCHADA KWONG.

(a) IN GENERAL.—Notwithstanding subsections (a) and (b) of section 201 of the Immigration and Nationality Act, Suchada Kwong shall be eligible for issuance of an immigrant visa or for adjustment of status to that of an alien lawfully admitted for permanent residence upon filing an application for issuance of an immigrant visa under section 204 of such Act or for adjustment of status to lawful permanent resident.

(b) ADJUSTMENT OF STATUS.—If Suchada Kwong enters the United States before the filing deadline specified in subsection (c), she shall be considered to have entered and remained lawfully and shall, if otherwise eligible, be eligible for adjustment of status under section 245 of the Immigration and Nationality Act as of the date of the enactment of this Act.

(c) DEADLINE FOR APPLICATION AND PAYMENT OF FEES.—Subsections (a) and (b) shall apply only if the application for issuance of an immigrant visa or the application for adjustment of status is filed with appropriate fees within 2 years after the date of the enactment of this Act.

(d) REDUCTION OF IMMIGRANT VISA NUMBER.—Upon the granting of an immigrant visa or permanent residence to Suchada Kwong, the Secretary of State shall instruct the proper officer to reduce by 1, during the current or next following fiscal year, the total number of immigrant visas that are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, the total number of immigrant visas that are made available to natives of the country of the alien's birth under section 202(e) of such Act.

(e) DENIAL OF PREFERENTIAL IMMIGRATION TREATMENT FOR CERTAIN RELATIVES.—The natural parents, brothers, and sisters of Suchada Kwong shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RUTH HAIRSTON

The Clerk called the bill (H.R. 660) for the private relief of Ruth Hairston by waiver of a filing deadline for appeal from a ruling relating to her application for a survivor annuity.

There being no objection, the Clerk read the bill as follows:

H.R. 660

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WAIVER OF DEADLINE FOR APPEAL.

For purposes of a petition by Mrs. Ruth Hairston for review of the final order issued October 31, 1995, by the Merit Systems Protection Board with respect to its docket number SF–0831–95–0754–I–1, the 30-day filing deadline in section 7703(b)(1) of title 5, United States Code, is waived.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRANSFERRING CERTAIN LAND TO JOHN R. AND MARGARET J. LOWE

The Clerk called the Senate bill (S. 361) to direct the Secretary of the Interior to transfer to John R. and Margaret J. Lowe of Big Horn County, Wyoming, certain land so as to correct an error in the patent issued to their predecessors in interest.

There being no objection, the Clerk read the Senate bill as follows:

S. 361

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TRANSFER OF LOWE FAMILY PROPERTY.

(a) CONVEYANCE.—Subject to valid existing rights, the Secretary of the Interior is directed to issue, without consideration, a quitclaim deed to John R. and Margaret J. Lowe of Big Horn County, Wyoming, to the land described in subsection (b): *Provided,* That all minerals underlying such land are hereby reserved to the United States.

(b) LAND DESCRIPTION.—The land referred to in subsection (a) is the approximately 40-acre parcel located in the SW¼SE¼ of Section 11, Township 51 North, Range 96 West, 6th Principal Meridian, Wyoming.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRANSFERRING TO PERSONAL REPRESENTATIVE OF ESTATE OF FRED STEFFENS CERTAIN LAND COMPRISING THE STEFFENS FAMILY PROPERTY

The Clerk called the Senate bill (S. 449) to direct the Secretary of the Interior to transfer to the personal representative of the estate of Fred Steffens of Big Horn County, Wyoming, certain land comprising the Steffens family property.

There being no objection, the Clerk read the Senate bill as follows:

S. 449

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TRANSFER OF STEFFENS FAMILY PROPERTY.

(a) CONVEYANCE.—Subject to subsection (b) and valid existing rights, the Secretary of the Interior shall issue, without consideration, a quitclaim deed to Marie Wambeke of Big Horn County, Wyoming, the personal representative of the estate of Fred Steffens, to the land described in subsection (c).

(b) RESERVATION OF MINERALS.—All minerals underlying the land described in subsection (c) are reserved to the United States.

(c) LAND DESCRIPTION.—The land described in this subsection is the parcel comprising approximately 80 acres and known as ''Farm Unit C'' in the E½NW¼ of Section 27 in Township 57 North, Range 97 West, 6th Principal Meridian, Wyoming.

(d) REVOCATION OF WITHDRAWAL.—The withdrawal for the Shoshone Reclamation Project made by the Bureau of Reclamation under Secretarial Order dated October 21, 1913, is revoked with respect to the land described in subsection (c).

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONGRATULATIONS TO KEVIN MILLWOOD

(Mrs. MYRICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MYRICK. Mr. Speaker, thousands of boys in North Carolina's 9th Congressional District grow up dreaming about playing baseball in the big leagues. I rise today in honor of one of these boys, a young man who has made it to the top. Kevin Millwood, a 1993 graduate of Bessemer City High School, had a break-out season for the Richmond Braves in 1997, and he was called down to Atlanta.

He has been on a tear ever since. This year he led the Braves' pitching staff with an 11 and 5 record and was elected to the National League team for last year's All Star game. Up in Boston, he continued his dominance, pitching a scoreless inning in which he allowed one hit and then retired the side.

So congratulations, Kevin. You are a positive example for young people to follow, and we sure are proud of you.

MASSIVE TRADE DEFICITS FOR U.S.

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, another record one-month trade deficit approaching $20 billion. That means there were another 400,000 American manufacturing high-paying jobs lost last month.

American workers keep going from factories to McDonald's, from steel mills to service centers, from banks to bankrupt, and no one in Washington is even paying attention.

Check it out. Free trade for Mexico, free trade for Africa, free trade for China, free trade for Europe, and massive trade deficits for the United States of America.

Beam me up. This is not a trade policy. This is a giveaway.

I yield back what high-paying jobs with benefits we have left.

WELCOME HOME TO NEVADA AIR NATIONAL GUARD, 152ND INTELLIGENCE SQUADRON

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, today I rise on a special occasion as the members of the Nevada International Guard 152nd Intelligence Squadron, activated to support Operation Allied Force, will be returning home today.

While activated, the unit members provided their years of experience in intelligence-gathering, assisting with the analysis of reconnaissance imagery and battle damage assessment. The analysts' primary focus was analyzing all the images acquired by the ''Predator'' Unmanned Aerial Vehicles and some imagery from the U–2.

The unit was called on because of the reputation and experience it acquired from over 30 years in the reconnaissance and intelligence arena. Flying various aircraft, the images it gathered on its missions were processed, interpreted and then fed back to the theater for mission planning and battle damage assessment.

The Intelligence unit was previously deployed during the Persian Gulf War where its products were used throughout the war for evaluating the effectiveness of the missions and planning.

On behalf of myself and the State of Nevada, I would like to welcome our troops home. Job well done.

DEMOCRATS' STRATEGY IS TO BLOCK LEGISLATION

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, just listen to this quote taken from the Washington Post recently, ''It's not our responsibility to legislate anymore. It doesn't make sense for us to compromise.'' End quote. It does not make sense for us to compromise.

These words come from a leader of the Democratic Party, the distinguished gentleman from Massachusetts (Mr. FRANK). It appears that the gentleman from Massachusetts has let the cat out of the bag. The Democrats have no intention of working with the Republican majority.

Their strategy is to block all legislative efforts and then turn around and blame Republicans, attacking the do-nothing Congress. Will the fair and balanced media help them in that effort? Will they attack Republicans for Republican extremism, a charge we have heard from the other side thousands of times since 1995 when Republicans took over the majority in Congress? Once again, will the media help them fix this image in the public's mind?

DEMOCRATS DO NOT UNDERSTAND THE REPUBLICAN TAX RELIEF PACKAGE

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, why is it so difficult for the other side to accurately describe the Republican tax relief package? Do we need to offer a prize to the first Democrat to acknowledge that we set aside $2 for Social Security and Medicare for every $1 of tax relief.

Do we need to call 60 minutes and ask them to do a story on the first Democrat to admit that our budget contains $2 trillion in debt reduction over the next 10 years.

Do we need to have a CBO analyst conduct seminars in their offices in order to prove that our budget sets aside 100 percent of retirement surplus for Social Security and Medicare?

Do we need to hire interns fresh out of college to draw a picture of the Social Security lock box in order to illustrate the concept of locking away the Social Security surplus?

I ask my colleagues, Mr. Speaker, what does it take?

Day after day I hear the exact same line, the same false rhetoric to describe a Republican proposal that does not exist. Two years ago, it was Mediscare, and now this. It is truly sad.

BALANCED BUDGET AND PAYING DOWN THE NATIONAL DEBT: DREAMS COME TRUE

(Mr. EWING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EWING. Mr. Speaker, when I came to Congress about 8 years ago, I had a dream of a balanced budget. That dream has now come to reality. And then, I had a dream that maybe we could pay down our national debt, and that is happening also.

We should be proud of what we are doing with our budget. But there are some problems and some things that could happen along the way which might make us get off track. Let us remember that we got to the balanced budget because we limited spending, reformed welfare, and made our government operate more efficiently. If we allow spending to move out of control, if we discard the caps, we will dispose of the surplus not in tax relief, not in paying down the debt, but in a bigger Federal Government.

The debate which we are going to have about tax relief should include a debate on spending controls and on debt reduction.

CLASS WARFARE

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, tax cuts for the rich. How often have you heard it from the Democrat party? Their big battle cry of class warfare.

Well, let us look at who is the rich. As I look at the tax package, the tax reduction package, who is going to benefit? Well, you might be rich if you want to save for your children's education. You might be rich if you have two incomes in your household. You might be rich if you want to have health care insurance.

You might be rich if your company or union contributes to a pension fund. You might be rich if you save for your retirement. You might be rich if you have a wedding ring in your future. You might be rich if you have saved money and want to be in a position to pass it on to your children when you die.

You might be rich if you are a senior who wants to continue working after the age of 65. You might be rich if you care for a senior in your home, and you might be rich if you have a child in daycare.

The tax reduction package is aimed specifically at helping people who fall into these categories. The marriage tax relief, estate tax relief, health care tax credit. All of this is designed for middle America.

It is a shame that the President and the Democrat party want to bring a tax reduction debate down to class warfare.

DO-NOTHING DEMOCRATS

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, the do-nothing Democrats are at it again.

First, the minority leader, the gentleman from Missouri (Mr. GEPHARDT) let the Washington Post in on his strategy to do nothing and take the Democrats out of the legislative process. Now we find out that the Democrat leadership and Education Secretary Riley have been working feverishly behind the scenes to stop the education bill that will be considered later today because of their politics.

The Democrats are divided and confused. The do-nothing Democrats have become the have-nothing party. They have no ideas; they have no solutions. They only have partisan, risky, political schemes.

While Democrats fight among themselves, the Republican majority is united in its commitment to work overtime on behalf of the American people.

Mr. Speaker, while the Democrats did nothing, we passed Social Security lockbox legislation to ensure retirement security for our seniors. While the Democrats did nothing, we passed ballistic missile defense to protect our national security. While the Democrats did nothing, we passed the Y2K liability reform. While the Democrats do nothing, we will pass education reform today that puts better qualified teachers in the classrooms. And while the Democrats do nothing in the very near future, Republicans will pass real tax reform for the American people.

Mr. Speaker, history will regard this Congress as one of the most productive in recent times. These same historians will report that we did all of these great things without any help whatsoever from the do-nothing Democrats.

WHO OWNS THE BUDGET SURPLUS?

(Mr. SCHAFFER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHAFFER. Mr. Speaker, the President said something recently that captures perfectly the attitude of liberals when it comes to their high-tax agenda. While in Buffalo, New York, the President spoke about what should be done with the projected budget surpluses over the next 15 years. He said, we could give it all back to you and hope you spend it right. But, hope you spend it right. Excuse me? What exactly does the President mean when he says hope you spend it right. It is the budget surplus, which is nothing more than a tax overpayment. It does not belong to Washington. It does not belong to politicians. It does belong to the people who sent that money to Washington in the first place.

□ 1015

It belongs to the taxpayers. They earned it. It belongs to them. Yes, they can be trusted to spend it any way they want.

The idea that the Federal Government, of all things, should be trusted to spend money better than the people who earned it is simply mind boggling.

WHY ARE TAX CUTS THREAT TO BUDGET, BUT NEW SPENDING IS NOT?

(Mr. WELDON of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELDON of Florida. Mr. Speaker, I have a question for the other side. It is a simple question, and I guess that I will not get an answer, it is so simple.

My question is this: Why is a tax cut a threat to our balanced budget but additional spending is not?

Whenever the Democrats propose new spending programs, which is just about every day Congress is in session, not a word is spoken about what that will do to the deficit.

No mention is made of fiscal discipline or of tough choices that have to be made to get our fiscal house in order. But as soon as tax cuts are offered by the tax cutting party, that is the Republican Party, of course the other side immediately pulls out their half-serious arguments about blowing a hole in the deficit and about how Democrats have been the party of fiscal discipline all these years. In a word, it is nonsense. Spending good; tax cuts bad. That is their world view, and their rhetoric reflects it.

So, again, I ask the question: Why are tax cuts a so-called threat to our balanced budget, but new spending is not?

30TH ANNIVERSARY OF LANDING ON THE MOON

(Mr. SAM JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, on a lighter note, today, I think we ought to pause to remember the triumphant achievement of man's first steps on the moon. Thirty years ago today, my friend, Buzz Aldrin, landed the lunar module on the surface of the moon.

Buzz and I went through flying school together and flew combat in Korea together. In 1969, while I was in solitary confinement as a POW in Vietnam, Buzz flew over in orbit. We did not know about it over there, because the Vietnamese told us the Americans were not able to land on the moon. But, Buzz, Neil Armstrong and Michael Collins proved them wrong, and we found out about it later.

Buzz was a fellow Air Force flying pilot, and he remembered us by wearing my POW bracelet and taking an American flag to the moon for all prisoners of war in Vietnam.

Today, Buzz Aldrin, I want to say thank you and thank you to all our astronauts as the Nation celebrates a tremendous accomplishment, a walk on the moon. Here's to the future, Buzz, and to the astronauts who are working to reach Mars. We salute you. God bless America.

U.N. PROPOSES TO TAX AMERICANS ON INTERNET USE

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, the U.N. wants to tax Americans who use the Internet to pay for economic development in other countries. You heard it right. International bureaucracies at the United Nations are now proposing an e-mail tax on Americans.

This news simply boggles the mind. It is just not enough for liberals in Washington to tax everything that moves, every time you turn around, for every possible reason under the sun. The U.N., one of the biggest anti-American organizations around, now wants to pile on and really stick it to America where it hurts.

Our economy is booming, largely because of phenomenal growth in high technology sectors such as the Internet and computer technology. The U.N. does not think that is right, and it does not think it is fair that America is the world leader in Internet development. So they want to tax people who send e-mail.

This administration, which is the U.N.'s most enthusiastic backer, has responded in embarrassed silence. But Republicans think this latest U.N. outrage is truly outrageous, and it will stop it dead in its tracks.

SUPPORT TEACHER EMPOWERMENT ACT

(Mr. EHLERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EHLERS. Mr. Speaker, I am very pleased today to address the House regarding a bill which we will be discussing this morning and this afternoon, the Teacher Empowerment Act.

This is going to be one of the most important bills we consider this Congress, because our purpose here is to ensure that our children receive a good education. As important part of that is going to be a good education in science and mathematics. That is especially important for the future of our Nation.

As my colleagues probably know, we are not currently doing well in science education in the United States. Compared to other developed countries, we are near the bottom. That has to change. Part of this bill will ensure that our teachers' abilities to teach math and science will be enhanced and increased.

I can think of no better way of securing America's future than to vote for this bill, and thus improve the educational system of the United States, particularly with regard to mathematics and science education.

THOUGHTS AND PRAYERS GO OUT TO KENNEDY FAMILY AND BESSETTE FAMILY

(Mr. ENGEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ENGEL. Mr. Speaker, I just wanted to take this opportunity to express my thoughts and prayers to the Kennedy and Bessette families during this time of terrible tragedy.

As a New Yorker, I can tell my colleagues that John F. Kennedy, Jr. played a special role in our city. The way he conducted himself through the years with grace and dignity is something that we shall always remember.

Who can ever forget the little boy, John John, who saluted his father's casket on his third birthday. I just felt that, at this time, I wanted to express the feelings of millions upon millions of Americans who really extend our grief and wishes and sadness to both the Kennedy and Bessette families.

The Kennedy family has given so much to this country. It is very, very difficult for all of us during this time. I know that I express the feelings of all my colleagues on both sides of the aisle, and I just felt it was very appropriate at this time to extend my heart and my hand to both families during this time of grief.

IMPROVE SCHOOLS BY EMPOWERING TEACHERS

(Mr. ROYCE asked and was given permission to address the House for 1 minute.)

Mr. ROYCE. Mr. Speaker, a strong education system is one of the pillars of a strong America. Our youth deserve the opportunity to reach their fullest potential, and it is our responsibility to provide the necessary resources.

But before we challenge our students to be the best they can, we must first challenge our educators to be the best they can. As long as some classrooms continue to be staffed by ineffective teachers who do little more than satisfy a ratio, some students will suffer.

That is why I support the Teacher Empowerment Act that will be up today. This bill gives more flexibility in the use of Federal funds, allowing teachers to choose the training programs that best suit their classrooms needs without sacrificing accountability.

This bill also includes funding for new teachers, but the focus is on quality over quantity.

I urge my colleagues to empower our educators for a brighter future and to vote for passage of the Teacher Empowerment Act today.

DESIGNATING THE CHESTNUT-GIBSON MEMORIAL DOOR

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 158), as amended, designating the Document Door of the United States Capitol as the ''Memorial Door''.

The Clerk read as follows:

H. CON. RES. 158

Whereas on July 24, 1998, a lone gunman entered the United States Capitol through the door known as the Document Door, located on the first floor of the East Front;

Whereas Officer Jacob Joseph Chestnut was the first United States Capitol Police officer to confront the gunman just inside the Document Door and lost his life as a result;

Whereas Detective John Michael Gibson also confronted the gunman and lost his life in the ensuing shootout;

Whereas the last shot fired by Detective John Gibson—his final act as an officer of the law—finally brought down the gunman and ended his deadly rampage;

Whereas while the gunman's intentions are not fully known, nor may ever be known, it is clear that he would have killed more innocent people if United States Capitol Police Officer Jacob Chestnut and Detective John Gibson had not ended the violent rampage;

Whereas the United States Capitol Police represent true dedication and professionalism in their duties to keep the United States Capitol and the Senate and House of Representatives office buildings safe for all who enter them;

Whereas the United States Capitol shines as a beacon of freedom and democracy all around the world;

Whereas keeping the sacred halls of the United States Capitol, known as the People's House, accessible for all the people of the United States and the world is a true testament of Congress and of our Nation's dedication to upholding the virtues of freedom;

Whereas the door near where this tragic incident took place has been known as the Document Door; and

Whereas it is fitting and appropriate that the Document Door henceforth be known as the Memorial Door in honor of Officer Jacob Chestnut and Detective John Gibson: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the door known as the Document Door and located on the first floor of the East Front of the United States Capitol is designated as the ''Memorial Door'' in honor of Officer Jacob Joseph Chestnut and Detective John Michael Gibson of the United States Capitol Police, who gave their lives in the line of duty on July 24, 1998, near that door.

The SPEAKER pro tempore (Mr. CALVERT). Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

House Concurrent Resolution 158, as amended, introduced by the Majority Whip, the Speaker, the Majority Leader, the Minority Leader, the Minority Whip and other Members of both sides of the aisle, designates the Document Door located on the first floor of the east front of the Capitol as ''Memorial Door'', in honor of Officer Jacob Chestnut and Detective John Gibson.

In my brief tenure of chairman of the subcommittee charged with the responsibility of bringing to the House bills designating Federal facilities in honor of individuals, I have considered it a great pleasure to honor Americans who have distinguished themselves in public service. A naming bill is often a capstone for those fortunate to have bestowed upon them such an honor.

But this action that we take today, while richly deserved, gives me no joy. This week is the first anniversary of an event that we hope will never be repeated. Officer Chestnut became the first Capitol Hill Police Officer killed in the line of duty. Detective Gibson became the second.

Those few minutes on Friday, July 24, 1998 changed forever the way we look and feel about the Document Door and the visitor's entrance to the Capitol. The horror of senseless shootings that cut short the lives of these officers will remain forever in the minds of those who are alive today because of them.

These two officers were ordinary men, and in those horrifying minutes did extraordinary things. The action we take today reminds us we should never forget the duty these officers swear to uphold. We also need to remember particularly how fragile life is in the face of the dangers that confront the fine men and women of the Capitol Police.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of this resolution. On July 24, 1998, our Nation and this Capitol suffered a heartbreaking tragedy. Officer Jacob Chestnut and Officer John Gibson were killed in the line of duty while providing protection and security for tourists, visitors, employees, staff, and Members of Congress.

A year has passed, but time has not dimmed our memories, nor lessened the gratitude we hold for the heroism of these two brave officers.

House Concurrent Resolution 158 designates the Document Door located on the first floor of the east front of the Capitol as the ''Memorial Door'' in honor of Officers Chestnut and Gibson.

It is fitting and proper that we honor the heroism of these two brave Capitol Hill officers. I join my colleagues in supporting this resolution and urge its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I am pleased to yield the remainder of our time to the distinguished gentleman from Pennsylvania (Mr. SHUSTER), chairman of the Committee on Transportation and Infrastructure, and I ask unanimous consent that he be allowed to control the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SHUSTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in very strong support of this resolution today. The location known as the Document Door is the point of entry into the east wing of the Capitol which was regularly secured by Officer Chestnut and Special Agent Gibson.

These Capitol Police Officers made the ultimate sacrifice by giving their lives in the line of service. Officer Chestnut and Special Agent Gibson were struck down in the line of fire defending the Members of this body, the congressional staff, and the visitors just 1 year ago, on July 24, 1998.

Officer Chestnut was a Vietnam veteran and served in the U.S. Air Force police for 20 years before joining the Capitol Police in 1980. Officer Chestnut had five children and one grandchild, and he was due to retire 2 months after the fatal day to spend more time with his wife Wendy and his family.

Special Agent Gibson was 42 years old and also had an 18-year veteran record on the Capitol Police. He was a native of Massachusetts and resided in Woodbridge, Virginia with his wife Evelyn and three children for the past 15 years. On the day of the shooting, Officer Gibson was working his last shift before planning to go on vacation.

This is a most fitting tribute to these fallen heroes. I strongly support this resolution.

Mr. Speaker, I reserve the balance of my time.

□ 1030

Mr. SHOWS. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. WYNN).

Mr. WYNN. Mr. Speaker, I would like to thank the gentleman from Mississippi for yielding me this time. I rise today in honor of two of America's heroes; Private First Class Jacob Joseph Chestnut and Detective John Gibson. These two men made the ultimate sacrifice on behalf of this institution, not just for Members but, more importantly, the thousands of visitors who come here every day.

We were all stunned when these two officers lost their lives last year on July 24. This tragedy demonstrates the tremendous sacrifices that members of the Capitol Police are asked to make on a daily basis to protect this institution, to protect the Capitol grounds, and to protect this aspect of the freedom that unfortunately we often take for granted.

Putting aside the rhetoric that we often use, I also want to make a practical point; that as we honor these two men, we also ought to honor their memory with respect to the Capitol Police Force, and when the occasion arises to recognize our police officers with compensation and benefits, and we ought to be equally magnanimous in recognizing the sacrifices these officers make.

I would also like to take this opportunity to mention the name of another officer who lost his life. Officer Christopher Eney lost his life in 1984 in a training accident while training as a member of the Capitol Police Force. He too should be recognized.

The tragedy of this loss and all these losses indicates to us how fleeting life is and it is appropriate that we take a moment to try to memorialize these lives. I think in this way this will be a fitting memorial to the sacrifices these gentlemen made.

I am very pleased that with the support of the Members of this body we were able to pass a resolution last year to rename the post office in the community where Officer Chestnut lives in his honor. Today's recognition is of similar importance.

Again, I would like to say that we have fallen heroes that we recognize today, and I would like to close by thanking my colleagues on the other side of the aisle for their support for what is truly a bipartisan effort to recognize American heroes.

Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. EWING), a distinguished member of our committee.

Mr. EWING. Mr. Speaker, I am pleased to be here today to recognize the service and the lives of Officer Gibson and Officer Chestnut. To their families I think we show today our continued support for the tragedy that has struck their lives, because the lives of the wives and children of these two fallen heroes can never be the same. Their sacrifice has been the greatest.

I think it is important, though, to recognize that out of this we are considering some very important improvements to our Capitol Hill police: Added personnel, better equipment, and better pay. I think also that we have shown to the world that we can keep this, the people's house, open even in a time when terrorism and tragedy strikes in this country.

This building is a legislative hall, but it is also a memorial to those throughout our history who have served this country so well. I think it is most fitting that these two officers have their names associated with the document door.

Mr. SHOWS. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. MOAKLEY. Mr. Speaker, I thank my colleague for yielding me this time, and I would also like to thank my colleague, the gentleman from Texas (Mr. DELAY), for taking the lead on this resolution. He and his staff have done yeomen's work in making sure the dream of a memorial door becomes reality. Speaking on behalf of the Capitol family, the Gibson family, and the Chestnut family, we all appreciate it.

Mr. Speaker, on a sunny Friday afternoon last July, gunfire shattered the sense of security here in the building. On that day, my family lost a son, and John Gibson and Jacob J. Chestnut became heroes, heroes like we have not seen in a very long time, heroes who remind us that their bravery in protecting others and sacrificing in the line of duty are still very important even today.

For me, this tragedy has been very personal. Special Agent John Gibson was my niece Evelyn's husband, and I admired John for many, many reasons. First and foremost, was his love and his devotion for his wife Evelyn and their three children Kristen, John and Danny. Second, I admired his dedication to his service. He always wanted to be a police officer, and now he will go down in the annals of history as being the very best that our country can provide.

I also admired his loyalty to his Massachusetts roots. John followed all Boston sports, both collegiate and professional, like a man with a mission. Last month, the Boston Celtics, one of his favorite teams, awarded him their ''Heroes Among Us'' designation. And John certainly deserved that award because he prevented what could have been a real, real tragedy.

Those of us who are very familiar with the building give thanks that this tragedy, bad as it was, was not worse. Thousands and thousands of people walk into the United States Capitol each and every year. There are many people milling around everywhere, and there are not very many places to hide. John Gibson, Jacob Chestnut, and their colleagues on the Capitol Police Force stood between every single one of them and the danger that was present that day.

Mr. Speaker, that day we learned all too well the United States Capitol Police are just not the people who watch over us day after day, they are loyal, dedicated professional people who are deeply devoted to their work. And as these men have proved, at any moment they would lay down their lives for us.

We have a tremendous amount of responsibility to make sure that they are all treated well and their actions do not go unnoticed. John Gibson and Jacob Chestnut's bravery that day brought together the Capitol community like never before. Normally, the Capitol Rotunda is reserved to honor dignitaries and heads of State, and it has been used only 27 times since 1852, but there was not one person in the Capitol, Democrat or Republican, Senator, or cafeteria employee, who disagreed with the decision to allow people to pay their respects to those two officers and that they be laid out in the Capitol Rotunda.

A few days later, when the funerals took place, not a person lining the streets to watch the procession could hold back their tears. Cab drivers honked, construction workers tipped their hats, and well-wishers lined the streets for miles. It was very moving to be a part of that. And I kept thinking if the people on the streets were this sad, if they were so moved by two men they had never met, imagine how their wives and children must be feeling. Because we here lost our sense of security and we lost our very dear friends, but the Gibsons and the Chestnuts lost far more than we, and I am sure they would trade all the accolades and all the memorials and all the tributes for their fathers, their husbands, to have them guarding the United States Capitol like they used to.

Both John Gibson and Jacob Chestnut died protecting the people under their care. We owe them our deepest admiration, our profound respect, and although this simple gesture of renaming the entrance to the Capitol can never fully reflect the sacrifice they and others have made for our protection, it is a fitting tribute to the two men who protected the thousands and thousands of tourists and staffers who enter the building. I hope that door will memorialize their sacrifices for centuries to come.

Mr. SHUSTER. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. DELAY), the majority whip, and the primary sponsor of this legislation.

Mr. DELAY. Mr. Speaker, I thank the chairman, the gentleman from Pennsylvania (Mr. SHUSTER), and the ranking member for bringing this resolution to the floor. I wish we did not have to do it. I also want to pay my utmost respect to the gentleman from Massachusetts (Mr. MOAKLEY), for he did lose a very, very dear family member, and he has shown great stature, as he always has in this House, and I appreciate him as a gentleman and as a man of character.

History shows that America is great because of the goodness of our heroes. Today, we all gather to honor true American heroism. A year ago this week a lone gunman entered this very building. Standing at his post that day was Capitol Police Officer Jacob ''J.J.'' Chestnut, who was shot and killed as he valiantly stood his ground protecting all those who were working in and visiting this Capitol, the people's house.

The gunman then continued his rampage and encountered Detective John Gibson, who selflessly placed his life between the armed attacker and numerous innocent lives in my office. After being shot, Detective Gibson was still able to bring the gunman down. His final act as a defender of the peace was what saved the lives of countless others that day.

The Capitol building which these two brave men offered their lives to protect is far more than just a building, it is the monument of freedom. The Capitol is the embodiment of democracy and a beacon of hope to all the people of the

world that cherish freedom. Like the men and women whose statues line the halls of this very building, Officer Chestnut, Officer Gibson, and Officer Eney deserve to be remembered for the sacrifice they made for their country. Like the heroes who line the halls, these heroes deserve to be memorialized within these hallowed halls.

To the families of Private First Class Jacob Chestnut and Detective John Gibson of the Capitol Police Department: the Members of Congress, the staff, and thousands of yearly visitors all thank you for your sacrifice.

To the family of Sergeant Christopher Eney and to his widow Vivian Eney Cross, who is here with us today, we remember that your loved one also gave his life in the line of duty while serving as a Capitol Police Officer, and we say thank you.

To all the sons and daughters and wives and husbands who must watch their loved ones each day place their lives between the innocent and the dangerous, we thank you.

To the men and women who wear the badge and leave their homes every day to protect us and this building, we say thank you.

I want to say particularly to Mrs. Eney-Cross and to the families of J.J. and John, J.J. and John and Christopher were men of character who loved their job, loved doing their job, wanted to be the best at it. They married women that were very, very strong women, and they had kids that are very strong kids. That has been shown throughout this year. The courage that the widows and the surviving family have shown over the last year has been exemplary and extraordinary.

I could go through so many different times and issues that they stood there, strong, showing that they had a tremendous and deep abiding love for their lost ones, yet, at the same time, understood how great they were and wanted to be courageous for them.

□ 1045

Every time someone enters this building, the People's House, whether it is a Member of the Congress or a citizen of the United States or a visitor of another country, they are reminded of the job that our officers do and the sacrifices that our officers make to protect others and to protect this institution.

I believe the wife of Sergeant Eney put it best when she said, ''It is not how these officers died that made them heroes, it is how they lived.''

Like the scores of Capitol Police Officers who wake up every day and come to their jobs not knowing what the day will hold, these three Capitol Police Officers ultimately gave their lives because they had chosen to dedicate themselves to protecting others.

These men are true American heroes who I am sure God has called to guard a much more precious gate. They will never be forgotten.

Mr. SHOWS. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I thank the distinguished gentleman from Mississippi for yielding me this time. J.J. Chestnut, his wife Wen Ling, and his children, Joe Janece, Janet, Karen, William; Chris Eney and Vivian and their children; Detective John Gibson and Evelyn and Kristen, John and Daniel, their children, this is a wrenching day for them.

Mr. Speaker, we have gone through recently another weekend of personalizing the loss of someone that most of us did not know personally. The Nation grieves as John Fitzgerald Kennedy went down in an unexpected accident on the way to a wedding. In many respects, J.J. Chestnut and John Gibson were the same. They got up, they went to work, and they did not return.

One year ago this Friday, the Capitol Building was shaken by a maniacal and senseless shooting spree. This day reminds us once again that the risk is always present for those we ask to defend a free society. The vagaries of life are such that there are those either demented or angry or for whatever reasons that take unto themselves the opportunity to commit violence. And someone, too often many persons, pay the price.

We lost Officer Jacob J. Chestnut and Detective John Gibson so that many others might be safe and to indicate that the Capitol of the United States, Freedom's House, if you will, will not only be accessible but also protected, so that the citizens in our gallery, the citizens in the Rotunda, the citizens who visit seeking their constitutional right of redress to petition their government or simply to see Freedom's House, a beacon, as some have said, for all the world.

This past May, we rededicated the Capitol Police Headquarters in honor of Officer Chestnut, Detective Gibson and Officer Christopher Eney, who was the first Capitol Police Officer killed in the line of duty. This resolution complements the renaming of the headquarters building.

Henceforth, every tourist, staffer, Member or indeed head of state who is taken through that door, the Memorial Door, will remember the public service of these men and the ultimate sacrifices that each of them made.

While this resolution renaming the Document Door specifically honors Officer Chestnut and Detective Gibson who died just inside the door or a few feet from it, the Memorial Door is in fact a tribute to all of the men and women of law enforcement who leave their homes each day and take to their duties to defend America's principles, to defend Americans, and to defend a civil and orderly society under law.

Just down the street from this building, Mr. Speaker, stands the Law Enforcement Officers Memorial. Since last year's tragedy, the names of Officer Chestnut and Detective Gibson have been added to a long list of fallen officers, including their colleague, Officer Eney, and others, from Prince Georges County, the county in which I lived for so long, the counties I now represent, and the counties and cities that every Member of this body represents who have lost sons and daughters, husbands and wives, friends and neighbors as they wore the badge and undertook the responsibility to defend freedom and a civil society.

In the last year, we have taken some very positive steps in ensuring that this type of incident does not happen again. While we can never guarantee that there is not another shooting, the security enhancement plan is an important step in the right direction.

With additional officers, acquisition of new equipment, and a restructuring of the department, we can work to decrease the chances of another shooting, another tragedy, while at the same time retaining the accessibility that the American public and the world have come to know and that this body wants to maintain.

Let us, Mr. Speaker, not forget the ultimate sacrifice that these two brave officers made. I thank the gentleman from Texas (Mr. DELAY), so close to Detective Gibson and his family, so immediately affected by the senseless act of violence that took the life of Detective Gibson in the office of the gentleman from Texas, and those who knew Officer Chestnut, such a friendly, warm, engaging family man who cared about America, cared about his duty. We walked through that door and saw him so often and he was always pleasant, but always on alert.

I thank the gentleman from Texas for bringing this resolution forward. This solemn 1-year anniversary that we pass this resolution should be a reminder to us all that freedom is not free and some of our friends, some of our brothers and sisters, pay a very high price indeed.

Mr. SHOWS. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. OBERSTAR), the ranking member of the Committee on Transportation and Infrastructure.

Mr. OBERSTAR. Mr. Speaker, of course I rise in support of this legislation to designate the Document Door of the U.S. Capitol as the ''Memorial Door'' in honor of Officer Jacob Chestnut and Detective John Gibson. This legislation and this act in which we engage today is a poignant, even riveting reminder of how dramatically our Capitol environment has changed, how it too, this citadel of democracy, has become a victim of violence, caught in the cycle of violent tragedies that has

gripped other major cities of our country. But I, as I am sure a few other of our colleagues who have served here longer than I, can remember another time.

When I started here on the staff of the House Post Office while a graduate student in Washington, D.C., I can remember taking friends through the Capitol as late as 10 and 11 o'clock at night without a security door, without a metal detector, with a Capitol Police force saying, ''Can we help you?'' You could walk just about anyplace in the Capitol. And how dramatically all of that has changed. That was even after a gunman broke in through that very door in the corner of the visitor gallery, pulled a gun in support of a cause that he and his associate, accomplice, deeply believed in, and fired indiscriminately on the House floor and struck five Members of Congress, including one who later became chairman of the Public Works Committee, George Fallon, fortunately none of them fatally. But we did not lock up the Capitol. We did not put up metal detectors. It was an aberrant act, out of keeping and out of character. And then later there was the bombing in the Senate wing of the Capitol in protest of the Vietnam War, but we did not put up metal detectors and we did not check people as they came into the Capitol grounds. But violence has gripped this place as well, and we have had to respond. And I think in the process we have come, I hope, all Members of Congress, and all of the visiting public, to look on the Capitol Police force not as just pleasant uniformed guides but as a highly skilled, trained security force with a duty to the public who visit this place, to the staff who work here, to the Members of Congress who serve here, that their first line of duty is their and our security, and that these two courageous and trained and skilled officers gave their lives in the line of duty to that ideal and that mission is a constant reminder of the very special force that protects this Capitol facility, this building and all who enter here.

J.J. and John were men with very different backgrounds but honor-bound together by a sense of duty on that hot July day. Detective Gibson had transferred through four different assignments before being promoted to detective and assigned to the Dignitary Protection Division. Officer Chestnut, an Air Force veteran, was assigned to the Capitol in 1980 and served throughout his career in this place.

John was from Boston as our dear friend ranking member of the Committee on Rules the gentleman from Massachusetts (Mr. MOAKLEY) has said so poignantly and so powerfully. J.J. was from South Carolina. Both family men, both devoted to their wives and children, both exemplars of what we believe in and preach on this floor, a family and values. They gave their lives for their families, for their values, for us, for all who enter here.

Let us all pray that the naming of this door in their honor will keep us all ever constantly mindful of the responsibility and the duty that the Capitol Police force undertakes in the public interest and that we are all eternally in their debt.

Mr. HASTERT. Mr. Speaker, I rise today to pay tribute to two extraordinary gentlemen who were taken from us much too soon—Officer JJ Chestnut and Detective John Gibson.

It was a year ago that our whole nation came to know of the bravery and dedication of these two men. But those of us who were lucky enough to know them, already knew what remarkable men they were.

Detective Gibson had been assigned to Congressman DELAY's security detail for years. As Chief Deputy Whip, I worked out of the whip office and came into daily contact with John. Although he was assigned to protect Congressman DELAY, he was also responsible for the security of our whole office. This was a duty he relished, and it was easy to feel safe when John was around.

Officer Chestnut had been stationed at the Document Door for many years. That happened to be the door I used every day on my way into and out of the Capitol. Officer Chestnut was the last person I would say good night to on my way home every evening. And his family and friends already know, he was a quiet, warm and giving person.

This week, we will rededicate the Document Door, renaming it the Memorial Door in honor of these two men. It is fitting that we do this. These two men embodied the best of our Congressional community, the best of law enforcement and the best of America.

JJ and John—you are still remembered fondly and still missed dearly.

Mr. GILMAN. Mr. Speaker, I rise to call the attention of our colleagues the sad fact that this week marks the first anniversary of one of the most unfortunate incidents in American history, the time that the security of the "people's house" was breached and two Capitol police officers gave their lives to protect what is sacred to all of us.

Detective John Gibson and Officer Jacob "J.J." Chestnut were well known to most of us. Their professionalism coupled with their genuine outgoing graciousness made both of them legendary to all of us on Capitol Hill long before this unfortunate tragedy immortalized them forever.

Their courage in facing the assault by Russel Weston, Jr., may have saved countless lives. We will never know how many innocent tourists, visitors to the Capitol, staffers, and perhaps Members of this Chamber themselves would have met harm had not Gibson and Chestnut been prepared not only to halt the outbreak of violence, but also to put their own lives on the line in doing so.

Detective Gibson was the partner of a former Capitol Hill policeman who was married to a member of my Congressional staff. Accordingly, I came to meet him frequently in my offices, and was always impressed with his gracious professionalism.

Officer Chestnut was the duty officer at an entrance which I utilized frequently. I cannot recall a single instance when he was not cheery and outgoing in his greetings.

Last year, both of these courageous law enforcement officers lay in state in the Capitol rotunda. Officer Chestnut, in fact, proved to be the first African American to be accorded that honor. Yet, any honors this body may devise are of small consolation to their loving families who will always be touched by this tragic loss.

Mr. Speaker, I am pleased to participate in this memorial as a way of reminding us that we all face danger in today's confused world, and that we must never forget those who made the ultimate sacrifice for all of us.

Mr. SHOWS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SHUSTER. Mr. Speaker, I have no further requests for time. I would say that the Speaker certainly wished to be here. He is unavoidably detained in a very important meeting. But I know the Speaker joins all of us in this and indeed he feels this is so important that he has asked that we have a recorded vote on this, so I would announce that at this time.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CALVERT). The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 158, as amended.

The question was taken.

Mr. SHUSTER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 417, nays 0, not voting 17, as follows:

[Roll No. 311]

YEAS—417

Ackerman	Blagojevich	Cardin
Aderholt	Bliley	Carson
Allen	Blumenauer	Castle
Andrews	Blunt	Chabot
Archer	Boehlert	Chambliss
Armey	Boehner	Chenoweth
Bachus	Bonilla	Clay
Baird	Bonior	Clayton
Baldacci	Bono	Clement
Baldwin	Borski	Clyburn
Ballenger	Boswell	Coburn
Barcia	Boucher	Collins
Barr	Boyd	Condit
Barrett (NE)	Brady (PA)	Conyers
Barrett (WI)	Brady (TX)	Cook
Bartlett	Brown (FL)	Cooksey
Barton	Brown (OH)	Costello
Bass	Bryant	Cox
Bateman	Burr	Coyne
Becerra	Burton	Cramer
Bentsen	Buyer	Crane
Bereuter	Callahan	Crowley
Berkley	Calvert	Cubin
Berman	Camp	Cummings
Berry	Campbell	Cunningham
Biggert	Canady	Davis (FL)
Bilbray	Cannon	Davis (IL)
Bilirakis	Capps	Davis (VA)
Bishop	Capuano	Deal

DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Abercrombie
Baker
Coble
Combest
Danner
English
Fattah
Hinchey
Holden
Jefferson
Kennedy
Lewis (GA)
McDermott
Ortiz
Peterson (PA)
Stark
Towns

□ 1127

So (two-thirds having voted in favor thereof), the rules were suspended and the concurrent resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. COMBEST. Mr. Speaker, on rollcall No. 311, I was inadvertently detained. Had I been present, I would have voted "yes."

GENERAL LEAVE

Mr. FRANKS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Con. Res. 158, as amended, the measure just passed by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMERICAN EMBASSY SECURITY ACT OF 1999

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 247 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2415.

□ 1128

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes, with Mr. CALVERT (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

□ 1130

The CHAIRMAN pro tempore (Mr. CALVERT). When the Committee of the Whole rose on Monday, July 19, 1999, amendment No. 13 printed in Part B of House Report 106–235 offered by the gentleman from Ohio (Mr. KUCINICH) had been disposed of.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 3 printed in Part A offered by the gentleman from California (Mr. CAMPBELL) as a substitute for amendment No. 2 printed in Part A offered by the gentleman from New Jersey (Mr. SMITH); amendment No. 6 printed in Part B offered by the gentleman from South Carolina (Mr. SANFORD); amendment No. 8 printed in Part B offered by the gentleman from Texas (Mr. PAUL).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 3 OFFERED BY MR. CAMPBELL AS A SUBSTITUTE FOR AMENDMENT NO. 2 OFFERED BY MR. SMITH OF NEW JERSEY

The CHAIRMAN pro tempore. The unfinished business is the demand for a recorded vote on the amendment No. 3 offered by the gentleman from California (Mr. CAMPBELL) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment offered as a substitute for the amendment is as follows:

Part A amendment No. 3 offered by Mr. CAMPBELL as a substitute for Part A amendment No. 2 offered by Mr. SMITH of New Jersey:

Page 19, strike line 1, and all that follows through line 17 on page 21, and insert the following:

(d) CONTRIBUTIONS TO UNITED NATIONS POPULATION FUND.—

(1) LIMITATIONS ON AMOUNT OF CONTRIBUTION.—Of the amounts made available under subsection (a), not more than $25,000,000 for fiscal year 2000 shall be available for the United Nations Population Fund (hereinafter in this subsection referred to as the "UNFPA").

(2) PROHIBITION ON USE OF FUNDS IN CHINA.—None of the funds made available under subsection (a) may be made available for the UNFPA for a country program in the People's Republic of China.

(3) CONDITIONS ON AVAILABILITY OF FUNDS.—Amounts made available under subsection (a) for fiscal year 2000 for the UNFPA may not be made available to UNFPA unless—

(A) the UNFPA maintains amounts made available to the UNFPA under this section in an account separate from other accounts of the UNFPA;

(B) the UNFPA does not commingle amounts made available to the UNFPA under this section with other sums; and

(C) the UNFPA does not fund abortions.

(4) REPORT TO CONGRESS AND WITHHOLDING OF FUNDS.—

(A) Not later than February 15, 2000, the Secretary of State shall submit a report to the appropriate congressional committees

indicating the amount of funds that the United Nations Population Fund is budgeting for the years in which the report is submitted for a country program in the People's Republic of China.

(B) If a report under subparagraph (A) indicates that the United Nations Population Fund plans to spend funds for a country program in the People's Republic of China in the year covered by the report, then the amount of such funds that the UNFPA plans to spend in the People's Republic of China shall be deducted from the funds made available to the UNFPA after March 1 for obligation for the remainder of the fiscal year in which the report is submitted.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 221, noes 198, not voting 14, as follows:

[Roll No. 312]

AYES—221

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cooksey
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Foley
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Gonzalez
Gordon
Granger
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kuykendall
Lampson
Lantos
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Strickland
Sweeney
Tanner
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Wilson
Wise
Woolsey
Wu
Wynn

NOES—198

Aderholt
Archer
Armey
Bachus
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Coburn
Collins
Cook
Costello
Cox
Crane
Cubin
Cunningham
Danner
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
Everett
Ewing
Fletcher
Forbes
Fossella
Gallegly
Gekas
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
Kildee
King (NY)
Kingston
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller, Gary
Mollohan
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Portman
Quinn
Radanovich
Rahall
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Toomey
Traficant
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOT VOTING—14

Baker
Coble
Combest
English
Hinchey
Holden
Jefferson
Kennedy
Lewis (GA)
McDermott
Ortiz
Peterson (PA)
Stark
Towns

□ 1148

Mr. WATKINS changed his vote from "aye" to "no."

So the amendment offered as a substitute for the amendment was agreed to.

The result of the vote was announced as above recorded.

Stated against:

Mr. COMBEST. Mr. Chairman, on rollcall No. 312, the Campbell amendment in the nature of a substitute to the Smith of New Jersey amendment, I was inadvertently detained. Had I been present, I would have voted "no."

AMENDMENT NO. 2 OFFERED BY MR. SMITH OF NEW JERSEY, AS AMENDED

The CHAIRMAN pro tempore (Mr. CALVERT). The unfinished business is on amendment No. 2 offered by the gentleman from New Jersey (Mr. SMITH), as amended by the Campbell substitute, on which further proceedings were postponed.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Part A amendment No. 2 offered by Mr. SMITH of New Jersey:

Page 19, strike line 1 and all the follows through line 17, on page 21, and insert the following:

(d) CONTRIBUTION TO UNITED NATIONS POPULATION FUND.—

(1) LIMITATION.—Of the amounts made available under subsection (a) for United States voluntary contributions no funds may be made available to the United Nations Population Fund (UNFPA) unless the president submits to the appropriate congressional committees the certification described in paragraph (2).

(2) CERTIFICATION.—The certification referred to in paragraph (2) is a certification by the President that—

(A) the UNFPA has terminated all activities in the People's Republic of China, and the United States has received assurances that UNFPA will conduct no such activities during the fiscal year for which the funds are to be made available; or

(B) during the 12 months preceding such certification there have been no abortions as the result of coercion associated with the family planning policies of the national government or other governmental entities within the People's Republic of China.

(3) DEFINITION.—As used in this subsection, the term "coercion" includes physical duress or abuse, destruction or confiscation of property, loss of means of livelihood, and severe psychological pressure.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New Jersey (Mr. SMITH), as amended.

The amendment, as amended, was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. SANFORD

The CHAIRMAN pro tempore. The unfinished business is the demand for a recorded vote on the amendment No. 6 offered by the gentleman from South Carolina (Mr. SANFORD), on which further proceedings were postponed in which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Part B amendment No. 6 offered by Mr. SANFORD:

Page 14, line 23, strike '$17,500,000'' and insert ''$12,000,000''.

Page 15, strike lines 19 and 20, and insert ''$1,500,000 for the fiscal year 2000.''.

Page 21, line 25, strike ''$15,000,000'' and insert ''$8,000,000''.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 180, noes 237, answered ''present'' 1, not voting 15, as follows:

[Roll No. 313]

AYES—180

Aderholt
Archer
Armey
Bachus
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Berry
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Camp
Cannon
Chabot
Chambliss
Chenoweth
Coburn
Collins
Cook
Cooksey
Costello
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Deal
DeLay
DeMint
Dickey
Doolittle
Doyle
Duncan
Ehlers
Ehrlich
Emerson
Everett
Fletcher
Forbes
Fossella
Franks (NJ)
Gallegly
Ganske
Gibbons
Gillmor
Goode
Goodlatte
Goodling
Gordon
Graham
Granger
Green (WI)
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kelly
Kingston
Klink
Largent
LaTourette
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Luther
Manzullo
Mascara
McCrery
McInnis
McIntosh
McIntyre
Metcalf
Mica
Miller, Gary
Moran (KS)
Murtha
Myrick
Nethercutt
Northup
Norwood
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Radanovich
Ramstad
Riley
Rivers
Rogan
Rogers
Rohrabacher
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Skelton
Smith (MI)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Toomey
Traficant
Turner
Upton
Vitter
Walden
Wamp
Watts (OK)
Weldon (FL)
Whitfield
Wicker
Wilson
Young (AK)
Young (FL)

NOES—237

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Ballenger
Barcia
Barton
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Calvert
Canady
Capps
Capuano
Cardin
Carson
Clement
Clyburn
Condit
Conyers
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Dreier
Dunn
Edwards
Engel
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Foley
Ford
Fowler
Frank (MA)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gilchrest
Gilman
Gonzalez
Goss
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Jackson (IL)
Jackson-Lee (TX)
John
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kaptur
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
Lazio
Leach
Lee
Levin
Lewis (CA)
Lipinski
Lofgren
Lowey
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McHugh
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Ney
Nussle
Oberstar
Obey
Olver
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Quinn
Rahall
Rangel
Regula
Reyes
Reynolds
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Shaw
Sherman
Sisisky
Slaughter
Smith (NJ)
Snyder
Spratt
Stabenow
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Walsh
Waters
Watkins
Watt (NC)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Wise
Wolf
Woolsey
Wu
Wynn

ANSWERED ''PRESENT''—1

Campbell

NOT VOTING—15

Baker
Coble
Combest
English
Gekas
Hinchey
Holden
Jefferson
Kennedy
Lewis (GA)
McDermott
Ortiz
Peterson (PA)
Stark
Towns

□ 1159

Mr. TAYLOR of Mississippi changed his vote from ''aye'' to ''no.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. COMBEST. Mr. Chairman, on rollcall No. 313, the Sanford amendment, I was inadvertently detained. Had I been present, I would have voted "yes."

□ 1200

AMENDMENT NO. 8 OFFERED BY MR. PAUL

The CHAIRMAN pro tempore (Mr. CALVERT). The unfinished business is the demand for a recorded vote on amendment No. 8 offered by the gentleman from Texas (Mr. PAUL) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Part B amendment No. 8 offered by Mr. PAUL:

Page 16, strike line 5 and all that follows through line 17 on page 21, and insert the following: None of the amounts authorized to be appropriated under subsection (a) are authorized to be appropriated for a United States contribution to the United Nations, any organ of the United Nations, or any entity affiliated with the United Nations.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 74, noes 342, not voting 17, as follows:

[Roll No. 314]

AYES—74

Aderholt
Bachus
Barr
Bartlett
Barton
Bilirakis
Bonilla
Burton
Cannon
Chenoweth
Coburn
Collins
Cooksey
Crane
Cunningham
DeLay
DeMint
Dickey
Doolittle
Duncan
Everett
Foley
Gibbons
Goode
Hastings (WA)
Hefley
Hill (MT)
Hilleary
Hostettler
Hunter
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kingston
Lewis (KY)
Lucas (OK)
Manzullo
Martinez
McInnis
McIntosh
Metcalf
Moran (KS)
Myrick
Nethercutt
Ney
Norwood
Packard
Paul
Pease
Peterson (MN)
Pombo
Riley
Rohrabacher
Royce
Ryun (KS)
Salmon
Sanford
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shuster
Simpson
Stump
Sweeney
Tancredo
Taylor (MS)
Taylor (NC)
Tiahrt
Wamp
Weldon (FL)
Young (AK)

NOES—342

Abercrombie
Ackerman
Allen
Andrews
Archer
Armey
Baird
Baldacci
Baldwin
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cook
Costello
Cox
Coyne
Cramer
Crowley
Cubin
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Ehlers
Ehrlich

Emerson
Engel
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Fletcher
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hayes
Hayworth
Herger
Hill (IN)
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
John
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Northup
Nussle
Oberstar
Obey
Olver
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Petri
Phelps
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (FL)

NOT VOTING—17

Baker
Coble
Combest
Edwards
English
Hinchey
Holden
Jefferson
Kennedy
Lewis (GA)
McDermott
Meek (FL)
Ortiz
Peterson (PA)
Radanovich
Stark
Towns

□ 1208

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. COMBEST. Mr. Chairman, on rollcall No. 314, the Paul of Texas amendment, I was inadvertently detained. Had I been present, I would have voted "yes."

Ms. PRYCE of Ohio. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. FOLEY) having assumed the Chair, Mr. CALVERT, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes, had come to no resolution thereon.

PERSONAL EXPLANATION

Ms. JACKSON-LEE of Texas. Mr. Speaker, on Monday, July 12, 1999, because of weather conditions, my plane was detained, and I would like the RECORD to reflect how I would have voted on the following votes had I been present:

On rollcall vote 277, a vote on the approval of the Journal, I would have voted "yea."

On rollcall vote 278, on House Concurrent Resolution 107, dealing with rejecting the conclusions by the American Psychological Association, I would have voted "yea."

On rollcall vote 279, concerning the United Nations, I would have voted "yea."

TEACHER EMPOWERMENT ACT

Ms. PRYCE of Ohio. Mr. Speaker, by the direction of the Committee on Rules, I call up House Resolution 253 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 253

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1995) to amend the Elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. No amendment to the commmittee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived. The chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Ms. PRYCE of Ohio. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the distinguished gentleman from Massachusetts (Mr. MOAKLEY), the ranking member of the Committee on Rules, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 253 is a structured rule providing for the consideration of H.R. 1995, the Teacher Empowerment Act. The rule provides for 1 hour of general debate equally divided and controlled by the chairman and ranking member of the Committee on Education and the Workforce. For the purpose of amendment, the rule makes in order, as an original bill, the committee's amendment in the nature of a substitute now printed in the bill.

Under this fair and balanced rule, 12 amendments are made in order, 6 offered by Democrats and 6 offered by Republicans. That means Members from both sides of the aisle will have equal opportunity to amend this bill.

The rule makes in order a number of minor amendments as well as an amendment offered by the gentleman

from Pennsylvania (Chairman GOODLING) which reflects bipartisan compromise on a number of issues and a substitute amendment offered by a Democrat member on the Committee on Education and the Workforce.

All 12 amendments are printed in the Committee on Rules report and may be offered only by a Member designated in the report.

The amendments shall be considered as read and shall be debatable for the time specified in the report. These amendments are not subject to amendment or a demand for a division of the question.

□ 1215

All points of order against the amendments are waived.

In addition to the amendment process, the minority will have another opportunity to change the Teacher Empowerment Act through the customary motion to recommit, with or without instructions.

Finally, the rule allows for orderly and timely consideration of the bill by allowing the Chair to postpone votes and reduce voting time to 5 minutes on a postponed question, as long as it follows a 15-minute vote.

Mr. Speaker, we can all remember our favorite teacher who made school more interesting and learning more exciting. These special individuals had a lasting impact on us and contributed in a major way to our attitudes toward school and our development as young people.

We cannot underestimate the value and influence of a good teacher, and our investment in teachers should reflect their worth.

The Teacher Empowerment Act recognizes teachers as perhaps the most important determinant in our children's academic success, and the bill seeks to enhance student performance through funding programs to improve teachers' skills.

Specifically, H.R. 1995 streamlines the Eisenhower Professional Development Program, Goals 2000, and the ''100,000 New Teachers'' program to give States and localities more flexibility in their use of these funds to advance teachers' professional development.

Ninety-five percent of these funds will be distributed to local districts where those who are most familiar with the needs of their local schools will play a greater role in determining how the money is used to provide teachers with the tools to improve student learning.

Some of my colleagues oppose the consolidation of government programs and may fear local control. But given the failure of a bloated education bureaucracy and the micromanagement of education by the Federal Government, it is hard to understand any aversion to the reasonable changes this legislation envisions. It is time to challenge the status quo and move our education dollars to the local level to give school boards, principals, and teachers some flexibility to use these dollars as they see fit.

That does not mean we are giving away Federal dollars, turning our heads the other way and hoping for the best. The Teacher Empowerment Act actually increases accountability to parents and taxpayers by providing public access to information about the qualification of teachers and the average statewide class size. Additionally, local districts and schools will be measured by performance indicators and goals set by their State and accepted by the Federal Government.

The remaining 5 percent of funds available through the Teacher Empowerment Act may be used for a variety of purposes, including oversight of local programs and assistance for schools that are failing to raise student achievement.

The funding flexibility this legislation provides will help local education agencies to recruit, reward, and retain the very best teachers.

For example, the bill encourages States to develop innovative programs that promote tenure reform, teacher testing, alternative routes to teacher certification, merit-based teacher performance systems, and bonus pay for teachers in subject areas where there is a shortage of qualified candidates.

One criticism of the bill that I would like to address is the administration's concern that this legislation undermines the President's ''100,000 New Teachers'' Class Size Reduction program. In fact, the bill requires funds to be used to hire teachers to reduce class size.

It is true that this requirement is not a Federal mandate, like the President's proposal. It may be waived, but only if it is in the best interest of the students to do so. For example, the requirement could be waived in cases where reducing class size would mean relying on underqualified teachers or inadequate classrooms. This is exactly the type of common sense flexibility we need to insert into our Federal education policies.

In addition to teacher training and education class size, the Teacher Empowerment Act continues an emphasis on basic academic skills, including math and science programs. This is an area in which a lack of qualified teachers is evident in the poor performance of U.S. students, whose achievement is falling behind that of children in other developed countries.

Under the bill, localities must continue to expend the same amount on math and science programs as they would under the existing Eisenhower program, with limited exceptions.

Along those lines, I am pleased that the Teacher Empowerment Act will allow for continued funding of the Eisenhower National Clearinghouse for Mathematics and Science Education, which is located at Ohio State University.

The ENC serves as the Nation's repository of ''K'' through 12 instructional materials in math and science education. Its collection of almost 15,000 curriculum resources is the most extensive in the Nation and provides a reliable resource for any teacher interested in professional or curriculum development.

Since its creation in 1992, the ENC has distributed almost 4 million CD–ROMs and print publications, and its Web site received over 14 million hits just last year.

This program's success in collecting and disseminating information on the best practices in math and science education deserves our continued support.

In addition to math and science, the Teacher Empowerment Act also places an emphasis on technology by encouraging school districts to train teachers in the use of technology and its application in the classroom.

The legislation also promotes reading and writing skills by extending the authorization of the Reading Excellence Act and providing a separate authorization for the National Writing Project.

Mr. Speaker, this legislation promotes smaller classes, encourages innovation through local control, and emphasizes basic academic skills to improve student performance. But, most importantly, the Teacher Empowerment Act recognizes the value of the individuals who interact with and provide guidance to our children on a daily basis.

The ability of teachers to connect with children and peak their interest in learning is a gift that some have, but more commonly it is skill that teachers must learn. This legislation invests in teachers by giving them access to the tools they need to make a positive impact on our students' success.

I congratulate the gentleman from Pennsylvania (Mr. GOODLING) on his great work, and I urge my colleagues to support this fair and balanced rule, which will allow the House to debate, improve upon, and pass the Teacher Empowerment Act. It is a good rule and an important bill, which takes another step forward in meeting our responsibility to ensure that every child has access to a quality education and the opportunity to learn and grow in a safe environment.

I urge a ''yes'' vote on both measures.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I thank my dear friend and colleague, the gentlewoman from Ohio (Ms. PRYCE), for yielding me the customary half hour, and I yield myself such time as I may consume.

Last year the Congress passed funding to help hire 100,000 new teachers across the entire country, and parents from Montana to Massachusetts cheered. Now my Republican colleagues are going back on that promise to American parents and making it open season on the funding of new teachers. Schools can now dip into the money for any program remotely related to education, and the only thing that we will lose is more teachers.

Yesterday, I received a letter from the Superintendent of the Boston public schools saying that, under this bill, it will lose 12 to 15 percent of its current allocation. And we just cannot afford it, Mr. Speaker. I do not know about other parts of the country, but we in Massachusetts want our students to get every possible advantage we can give them, particularly smaller classes. But this bill does exactly the opposite. It will actually make our classes larger.

The administration opposes this bill and for good reason. This bill fails to guaranty American students small class sizes of 18 students in the early grades, when they are particularly in need of a teacher's attention. We all know that once a class reaches about 35 to 45 students, it really does not matter too much whether a teacher is qualified or not. No matter how good they are, they spend most of their time policing and not enough time teaching.

Although the bill provides an enormous amount of money, it does not target that money towards the neediest areas where our children are suffering the most. Mr. Speaker, my colleague, the gentleman from California (Mr. MARTINEZ), has a proposal that will help fund the new teachers for areas with big class sizes. It will also give the areas that cannot find certified teachers the funding to recruit and train new teachers. The amendment that the gentleman from California offers also provides almost twice the teachers as the other bill.

But this rule will only allow 40 minutes of debate on the Martinez substitute instead of the traditional 60 minutes. And to make matters worse, well over half the amendments authored by the Democrats were not allowed under this rule, while nearly every single amendment authored by a Republican was allowed.

Mr. Speaker, from what I hear, those Democratic amendments are very good, so good that they probably would have passed. And that is probably the reason they are not allowed anywhere near this House floor today. The base text of this bill needs as much help as it can get, and some of those Democratic amendments would have helped this bill a great deal. But, apparently, that is not what my Republican colleagues wanted.

For that reason, Mr. Speaker, I urge my colleagues to oppose the rule and to oppose the bill in its current form.

Mr. Speaker, I reserve the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the Committee on Education and the Workforce.

Mr. GOODLING. Mr. Speaker, I just want to make sure that the gentleman from Massachusetts (Mr. MOAKLEY) corrects the superintendent, because, of course, in the manager's amendment, in the en bloc amendment, no public school loses any money. No public school loses any money.

And I might also remind the gentleman that there was only one amendment offered in committee. Only one amendment. I do not know where all the others were, but there was only one offered in committee.

Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume to answer my dear friend.

There was only one amendment. It was an en bloc amendment that contained all the amendments.

And, Mr. Speaker, I would like to read from the letter of the Superintendent of the Boston Public Schools.

Dear Mr. Moakley: I understand that the Teacher Empowerment bill passed two weeks ago by the Education and the Workforce Committee will be considered on the House floor as early as Tuesday, July 20, 1999.

I am urging you to oppose this bill unless the well-targeted Class Size Reduction program is removed from the block grant and retained in its current form. I estimate that Boston would lose 12 to 15 percent of its current allocations under the current bill.

Sincerely,

Thomas Payzant, Superintendent, Boston Public Schools.

Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, later today after the adoption of the rule, we will have the debate on what I believe is a historic bill in this sense; that we have been funding the Title I program and Teacher Improvement Program now for several decades, and never during the process of that program did we ever ask that they use this money to hire qualified teachers and that the States, in fact, put a qualified teacher in every classroom. This legislation, both the Martinez substitute and the bipartisan bill, requires both of that.

At the same time, it also makes it very clear that we carry out the intent of the ESEA bill, which was to provide Federal assistance to close the gaps between educationally disadvantaged young children and others in our society. Yet as we continue to measure it, the gap continues to widen all over the country.

For the first time in the 30-year history of this program, we are asking the school districts be measured and be held accountable for closing the gap between majority students and minority students and between rich students and poor students so that in fact all students can learn under our system.

We know that the biggest single factor in the ability of a child to learn in our educational system is the quality of that teacher; yet we find ourselves throughout this country saddled with tens of thousands of teachers that are not qualified to teach in the core subject matters in which they are teaching. This legislation says that the Federal money ought to be used for that.

This Federal legislation also preserves the President's program for 100,000 teachers. I would prefer to preserve it as the Martinez substitute, which will be offered later, does. But the fact of the matter is it is also very logical to look at the way the bipartisan bill does this, which says schools must use this money for class size reduction; but if they cannot hire competent teachers, they do not have the facilities to do it properly, then they can use the money until such time to go ahead with teacher development, improvement, and training, all of the things we know are absolutely essential all over this country to improve the professionalism of our teacher core and to make sure they are in fact certified and qualified to teach in their core subject.

□ 1230

It is for that reason, Mr. Speaker, that I will be voting for the Martinez substitute. I will also be voting without reservations other than the targeting matters for the bipartisan Goodling substitute that will be offered later this afternoon. I would hope that Members would focus on the issues of teacher quality and accountability, because for far too often, we have put in over $125 billion into this program and we have neither gotten teacher quality out of this program nor have we gotten the accountability of school districts for improvement of the students which the money is designed to help.

I would urge Members to consider, certainly on our side of the aisle, voting for the substitute, also voting for the bipartisan legislation.

Ms. PRYCE of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the distinguished chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me the time and congratulate her on the fine job that she is doing.

As my friend from Martinez, California, has just said, this is a bipartisan bill. It is very important. At the beginning of the 106th Congress, we established four priorities that we wanted to address. Number one of those items was to improve public education.

We all know that as we look at education in this country, we have a superb postsecondary education system, but at the primary and secondary level, we have some great school districts around the country and some great, great schools, but we also have some very serious problems.

So as we look at improving public education, what is it that we must do? We have got to provide a little more flexibility to those school districts so that they can address many of the needs that are out there.

Now, we saw the much heralded call for 100,000 additional teachers. That is great. It sounds wonderful. But it seems to me as we look at school districts around the country, there are issues other than simply adding teachers that they want to address. And what H.R. 1995 does is it allows for that flexibility.

I want to congratulate the gentleman from Pennsylvania (Mr. GOODLING), the gentleman from California (Mr. MCKEON) and the others who are working with Democrats to make sure that this is a bipartisan issue. I am also proud of the way that we have structured the rule. It, in fact, has an equal number of amendments from our friends on the Democratic side and an equal number of Republican amendments. I think that with the kind remarks that have been made by Democrats here in support of the committee work, although yesterday afternoon I have to admit there was kind of an interesting debate and it is not unanimous. There are some who frankly want to still have more Federal involvement in the area of education and they want to involve themselves in micromanaging it. We want to provide flexibility. This bill does that. The rule allows for a free-flowing debate. I urge my colleagues to support it.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Speaker, since the American public in poll after poll has indicated that Federal assistance to education is a number one priority, every major education bill which comes to the floor should come with an open rule. The opportunity to discuss education policies and programs should not be constricted and oppressed as they are in this rule. The opportunity to let the voters hear a full debate must always be encouraged.

What the Republican majority is doing is supporting this antidemocratic, piecemeal approach in the hope that they will accomplish the ultimate attempt of the Republican majority to move us to a situation where the role of the Federal Government in education is abolished. They are really still pursuing the goal of abolishing the role of the Federal Government, and a block grant is their desired result.

This is the second beachhead for the block grant. Ed flex was the first one. This is the second one. By eliminating the President's initiative for a reduction in classroom size, it is one more step to move the Federal Government out of education and allow for a total block grant to go to the States with the Governors having an opportunity to use the money as they see fit.

This rule is crafted to limit debate, maximize confusion and vigorously promote the perverted Robin Hood mentality which will take resources concentrated in our present Federal policy toward poor schools and spread it for other purposes while authorizing no significant new funding. Our committee does not demand new funding to take care of the education needs that have been identified by the American voters.

Educationally, this is a Robin Hood operating in reverse. It is going to eliminate Federal priorities, throw away accountability, and it will pilfer the money from the poor. It will take from the poorest schools where education policy presently directs money and spread it out and not provide any new resources.

We have a budget surplus now. Why do we not make a demand on some portion of that surplus for education instead of robbing from the poor to take care of needs that are definitely there? We need to modernize our schools, we need to secure our schools, we need money for school construction; across the board all of the efforts to improve education are honorable, but they need resources. You do not solve the problem by taking resources from the areas where you have the greatest need. The core of the festering problem in education is in the poorest schools in rural areas and in big cities.

What we are doing with this bill is moving toward a maneuver which will rob those schools in favor of spreading the money and making it appear that we have done something for education here in Washington. This is not the appropriate move. It is going to lead to a block grant where we lose Federal involvement altogether.

The Federal Government is only involved to the tune of 7 to 8 percent at this point. It is not injuring schools in any way. Let us keep the Federal Government involved by protecting the President's class size initiative in this bill.

Vote ''no'' on the rule. Vote ''no'' on the bill.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 4 minutes to the distinguished gentleman from Indiana (Mr. SOUDER), a member of the committee.

Mr. SOUDER. Mr. Speaker, first let me say to my friend from New York that this does not touch title I which is a massive program which I and many others favor, because many States did not in fact pay enough attention to the lower income areas of this country. Some States deliberately wiped out their property tax so that minorities would not have sufficient schools and went to private schools, and because of that the Federal Government stepped in and said those who are in low-income areas are going to need some help; just like as we had special-needs kids around this country that led to the development of IDEA. There is no question that there is a role, some role, for the Federal Government in education. The question is, is fundamentally who do we trust the most?

This rule gives us the flexibility to debate a number of the different options and to really highlight again today the differences as to how the bulk of education should be run in this country, not the exceptions. We are not abandoning what we are putting into low-income students or into IDEA. But what we are saying is that rather than say, we know best here on the floor of this House what the school districts in my district in northeast Indiana or anywhere in the country should do, some of them work to lower their class size and some of them rather than getting it down to 18 might want to have 19 in the class size and have better teachers for effectiveness. Others may want and need more teachers in IDEA which is the biggest financial drain in the local school districts because they cannot take care of many of these students that the courts have ordered them and Congress has ordered them to take care of.

Each school district has their own funding flexibilities, each State has their own funding flexibilities and priorities they have to work. Who are we to say that they have to go a certain direction?

Once again, let me repeat, this bill, while there are nuances in the additional spending proposed in the 100,000 new teachers and other programs, does not touch the basic funding mechanisms of which we have tried to put into low-income students.

Mr. OWENS. Mr. Speaker, will the gentleman yield?

Mr. SOUDER. I yield to the gentleman from New York.

Mr. OWENS. The gentleman said who are we to emphasize one thing over another? Most of the experts agree on few things in education, but they do agree that small class sizes in the early grades are essential to promoting reading and other subjects.

Mr. SOUDER. Reclaiming my time, all of these things are a balance; that in fact research shows that teacher quality. Now, if the class size is 30 versus 18, but the class size differential, 19 or 20 compared to the teacher quality; depending whether you have computer access in your schools, if the schools are falling down, if you have inadequate textbooks and the parents cannot afford the textbooks. Different schools have different problems. I

agree that if there is a wide disparity, but at the margins, and what I have seen in my district, in foundations around our country and so on is that we have seen, compared to the past, an amazing advancement in the local school boards and in particular State education associations in trying to improve the quality of education. We need to give them more flexibility. And when they fail, we step in like we did with title I and IDEA.

Mr. GOODLING. Mr. Speaker, will the gentleman yield?

Mr. SOUDER. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Speaker, I just want to make sure that the gentleman from New York did not give anybody the impression that somehow or other there is a magic pill out there that if you reduce class size, all of a sudden you are going to have better instruction and the child is going to do better. If I am a parent and I have a choice between 25 students in the classroom and a quality teacher or 17 students in the classroom and what they have done in California and have people who are not capable of teaching, I want 25 in the classroom and a quality teacher.

The most important thing that every researcher ever said is that next to the parent, the most important factor for learning is the quality of the teacher in the classroom. We do not want to ever lose sight of that.

Mr. MCKEON. Mr. Speaker, will the gentleman yield?

Mr. SOUDER. I yield to the gentleman from California.

Mr. MCKEON. The beauty of this bill is that we can have both, because we do the class size reduction, unless they do not have the adequate space or do not have the adequate teachers. Then we give them the ability to enhance the education of the teacher. This is the beauty of this bill, is we can have our cake and eat it, too. That is one of the great things about the thing we have put together in this bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me the time here on this very important legislation today.

I rise, Mr. Speaker, and will support the Martinez amendment which will devote some more resources to education that we badly need. I also will support the underlying bipartisan bill that emphasizes a reduction in class size and an emphasis on the quality of the teacher standing in front of the classroom.

Now, I applaud some on the Republican side for this bipartisan bill because I know that 3 or 4 years ago, there were some on that side that advocated reducing the Department of Education to rubble and now we are emphasizing in a bipartisan way reducing the class sizes in America and putting emphasis on the quality of the teacher that stands in front of those students.

I think this is a bipartisan bill, a Democratic-Republican bill, for two reasons: It emphasizes the right goals that all American parents and teachers and students agree with, and, that is, generally, in the earliest grades, 1 through 3, that when we have smaller class sizes, 18 or 20, we are more effective in making sure those children get off to the right start and get up to speed in their reading skills. Secondly, the delivery mechanism is right in this bipartisan bill. It does not loosely structure a block grant that you can spend money on anything. It tightly targets the spending for the State and the local school to choose between two things, a reduction in class size or quality teachers. I think that those are both equally important goals and I would encourage my colleagues to support Martinez and support the underlying bipartisan bill.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume to enter into a colloquy with the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the Committee on Education and the Workforce.

Mr. Speaker, I rise today in support of the Teacher Empowerment Act because it promotes teacher quality, reduces class size and sends dollars directly to the classroom. In light of the third annual math and science study scores, I am concerned that we are not focusing enough on math and science education. Therefore, I am especially pleased that this legislation promotes and strengthens math and science teacher training through the Eisenhower National Clearinghouse for Math and Science Education. Located at the Ohio State University, the Eisenhower National Clearinghouse collects, catalogs and disseminates K–12 curriculum materials and resources in mathematics and science and provides teachers with a variety of services, including a technical help desk and reference service, print publications, and 12 demonstration sites located throughout the Nation.

Mr. Speaker, as the gentleman from Pennsylvania knows, the Eisenhower Clearinghouse is not a one-size- fits-all program. This program is available to teachers all across the country 24 hours a day, 7 days a week. Furthermore, there are no forms to fill out, applications to file or enrollment fees to pay. Because of this flexibility, our Nation's math and science teachers made Eisenhower National Clearinghouse's website one of the most visited education sites, receiving over 14 million hits.

I yield to the gentleman from Pennsylvania whose work I very much admire for his response.

□ 1245

Mr. GOODLING. The gentlewoman is correct. The Eisenhower National Clearinghouse is a valuable resource to all teachers nationwide, has done a great service with respect to providing our Nation's teachers with quality math and science resources. In fact, the Committee on Education and the Workforce intends to further highlight the mission and positive results of the Eisenhower National Clearinghouse as it moves to reauthorize the Elementary and Secondary Education Act.

Ms. PRYCE of Ohio. Mr. Speaker, I strongly believe that this is a program that deserves our strong support, and I thank the chairman very much for his time.

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I thank my friend for yielding this time to me, and I oppose this rule for the reasons outlined by my friend, the gentleman from New York (Mr. OWENS).

This debate today is going to revisit a fundamental debate about values that we have had frequently in the last 40 years in the history of American education. For nearly the first 200 years of our country's history, the role of the Federal Government in public education was passive, some would even say negligent, as we sat on the sidelines and watched the process go forward.

In the late 1950's, we had a choice between being passive in the face of racial segregation or being activist to try to end it, to create equality of educational opportunity. Slowly, painfully, grudgingly the courts, the Congress, the Executive Branch choose activist Federal involvement to end racial segregation.

In the 1960's we faced a choice between sitting on the sidelines as poor children systematically attended poorer schools, and we collectively made an activist choice to enact the Elementary and Secondary Education Act of 1965 to lend some assistance to lift those struggling schools up in whatever way we could.

Also in the 1960's we faced a choice between sitting and watching as children with a disability were frozen out of the mainstream education process, who found that their needs for speech therapists or special teachers often wound up at the bottom of the local school board's priority list, behind AstroTurf for the football field, behind trips to Disney World for the board of education, and we enacted the IDEA that created in Federal law a Federal right for every child to have the highest quality education in the least restrictive learning environment.

Today, I believe we are facing the same choice all over again with respect to the issue of quality of learning for every child in every setting in the primary grades. Last year a majority of

us chose to take the activist position that we should encourage the reduction of class sizes by adding 100,000 teachers, qualified teachers, to this country's teaching corps.

I believe the choice before us today is whether we should simply be a Federal subsidy or a national priority. Make no mistake about it. The bill that will be before us today is well intentioned, but it repeals the national commitment to reduction in class sizes.

As the debate unfolds, we will be able to outline the reasons for that, but I would urge my colleagues to reject this rule on the grounds it is exclusive of good ideas and to ultimately reject the bill because I believe it steps away from that fundamental commitment to an activist Federal Government that is principled in its pursuits, but limited and carefully tailored in its means.

Please oppose the rule and oppose the underlying bill.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am sorry the gentleman for whom the Committee on Rules made two amendments in order now finds himself opposing this fair rule.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 30 additional seconds to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I very much appreciate the indulgence of the Committee on Rules in permitting two of my amendments. I would note for the record it rejected a third that would have promoted the teaching of holocaust education. I regret that that was the fact.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Speaker, I heard recently one of my colleagues from the other side of the aisle say that the new majority tried to turn the Department of Education into a pile of rubble, and that brought me to the floor to respond.

We have before us today a very fair rule and a very powerful piece of education legislation which would return power to the teacher. Now let me tell my colleagues that the last thing for 40 years on the education feeding chain has been the teacher and the student. I chaired the Subcommittee on Civil Service. In the Department of Education there are 5,000 employees of which 3,000 are located in the city of Washington, and those employees in the Department of Education are earning between 50 and $110,000 on average. Show me a teacher in my district that has that money.

The balance of the 2,000 Department of Education employees are located in regional offices. We are saying, put the money, put the power, put the emphasis. We only spend 5 percent of Federal money; the total amount in education comes from the Federal level. We are saying, put that money in the classroom with the students, not in Washington, not with bureaucrats, and empower the teacher, empower the student, and empower the classroom.

That is why we are offering this legislation today. That is why I ask for support for this rule and for this particular piece of legislation.

Mr. MOAKLEY. Mr. Speaker, I yield 1 additional minute to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Speaker, I think it has been clear that the intent of the Republican majority is to eliminate the Federal role in education. They do not question, however, the ability of the White House and the Office of Management and Budget to analyze the content of legislation. I want to read from the President's letter on this bill:

> H.R. 1995 abolishes a dedicated funding stream for class size reduction and replaces it with a block grant that fails to guarantee that any funding will be used for hiring new teachers to reduce class size. Moreover, the block grant could be used simply to replace State or local funding instead of increasing overall investment in our public schools. If the Congress sends me H.R. 1995 in its current form, I will veto it in order to protect our Nation's commitment to smaller classes and better schools.

There are some speakers who keep insisting that there is nothing wrong with the bill in terms of protecting the reduction in the classroom size initially, but definitely this leaves it wide open. It pushes the Federal priority aside and leaves the decision open for local education officials.

As my colleagues know, most local education officials will seize the opportunity to spend the money as they want to spend it.

Ms. PRYCE of Ohio. Mr. Speaker, I have no further speakers.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Speaker, after this rule passes, we are going to have a very serious and important debate about improving the quality of teachers, administrators, and superintendents in our school system across the country. As a member of the Committee on Education and the Workforce, I rise in support of H.R. 1995, the Teacher Empowerment Act, as it will hopefully be amended by the chairman's amendment later today.

I also have to admit, however, that I have not been the most enthusiastic supporter on the committee to the piecemeal approach to breaking down the ESEA reauthorization this year into component parts. I feel that it was important to do the ESEA reauthorization all together in a comprehensive way recognizing the need of improving teacher, principal, and administrator quality in our schools, placing heavy emphasis on class size reduction, focusing emphasis on accountability and standards, but also recognizing the serious challenge we face in infrastructure needs that exist in our public schools across the country.

But if we are going to piecemeal this, I think this bill, the Teacher Empowerment Act, is a very good first start in the area of improving teachers', principals', and administrators' quality in our schools. Based on the hearings that we have had in the committee throughout the course of the year, Mr. Speaker, we face a serious challenge with the impending retirement of the baby boom generation and a roughly 2,000-teacher shortage over the next 10 years.

This bill concentrates on quality improvement. The amendment of the gentleman from Indiana (Mr. ROEMER) that is going to be offered later today to expand Troops to Teachers to other qualified individuals who are looking for a career change and who want to contribute their talents to teaching will hopefully help in the area of the shortage problem as well. I encourage my colleagues to support the Roemer amendment.

Now there is going to be some controversy in the course of the day in regards to the lack of a separate funding stream to support the President's initiative of hiring 100,000 additional teachers. I believe, given the language of the underlying bill, that that concern is misplaced.

The bill does require that class size reduction be given a top priority. This is entirely consistent with the Ed-flex legislation that was passed earlier in the year and that the President signed into law which allows local school districts to have the flexibility to apply for waivers and use the money for other priority needs that they have, such as professional development programs. We could go out and hire an additional 100,000 new teachers, but if they are unqualified, that could do more harm than good.

Mr. Speaker, do not get me wrong. I am a big proponent of class size reduction. My own State of Wisconsin has implemented the SAGE program back in 1993 for class size reduction in K through third grades. We have had a recent study coming out of the University of Wisconsin at Milwaukee showing the drastic improvement of student test scores in those classes that have had reduced class sizes in the State of Wisconsin under SAGE.

We had hearings on class reduction in the course of the Committee on Education and the Workforce, one in particular highlighting the successes of the STAR program that was implemented in Tennessee on class size reduction. There are other States across the country implementing class size reduction programs, and I would hope that it would be a collective goal for

all school districts to work for class size reduction and a better teacher-pupil ratio.

As my colleagues know, this bill recognizes and balances the twin goals of class size reduction and the importance of getting qualified teachers into the classroom. That is why I want to commend the gentleman (Mr. MILLER) for his strong teacher quality language that is also contained in the chairman's amendment.

This is not a perfect bill, Mr. Speaker, but it is a very good bill. It is a bill that both Democrats and Republicans can stand up and take credit for and feel good about, including the President of the United States. So I would encourage my colleagues to support the chairman's amendment and also at the end of the day to support the underlying bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MARTINEZ).

Mr. MARTINEZ. Mr. Speaker, I am simply in awe of the collective wisdom that exists in Washington, D.C., especially in Congress, and I look at these things from a very maybe simple perspective of having, one, been one that was raised in an impoverished neighborhood and went to schools that were not quite as excellent or elegant as the schools on the other side of town. But the situation still remains today the same as it did then.

The question is, and we get into this debate, and we get so focused that we sometimes cannot see the trees for the forest. We say class size reduction as if class size reduction is the most important part, or we say teacher quality as if teacher quality was the most important part. I come from a different perspective, that I believe that both are.

I guess we do not all keep up with the studies, and I am not too sure that I rely on studies all the time, but more recently, in just the last couple of weeks, there was a study that came out that showed that class size reduction in and of itself does a great deal of good for students because there is that one-on-one ability.

And remember this, that the target area is that K through 6 to begin with, and we would like to expand it beyond that, but K through 6.

And as I remember when I went to school, the teachers that were certified to teach K through 6 were generally certified teachers that have been through the training that was necessary to become qualified teachers, and they taught all subjects.

□ 1300

We did not have, and we still do not have, by and large, in most places in the country in K through 6 a segregated class for math and a segregated class for science and a segregated class for this and that and the other.

These teachers are teaching all subjects to the classes. But more importantly, they are developing cognitive ability for those students so that when they get into the grades when those classes are separated, and I think we ought to remember that when those instructional classes, math, science, and the rest are in individual classes, they are in the upper grades. We are not talking about that here. We are talking about those earlier grades with the certified teachers.

More recently, a study showed that class size reduction and where those students were in that smaller class size, whether or not that teacher was qualified in any particular subject, that those students benefited as much as did the kids that were in small class sizes with teachers that were certified in specific subject matter.

So really, it only amounts to the fact of who do we target in this bill? We target the more needy. In their bill, the way the funding formula would begin, before we were able to get concession from them for hold harmless, and then beyond the hold harmless, it still has the faulty funding formula that draws money away from those areas where the children really need it.

Mr. SOUDER. Mr. Speaker, will the gentleman yield?

Mr. MARTINEZ. I yield to the gentleman from Indiana.

Mr. SOUDER. Mr. Speaker, my question is, there is nothing in this bill that says that class size reduction cannot be a part for the schools that the gentleman is mentioning. My understanding is that a school district can decide that class size reduction is absolutely the most important.

Mr. MARTINEZ. Mr. Speaker, reclaiming my time, I would respond by saying that the bill is not a bad bill, but it is just a little bit lacking, and that is where we would like to improve the bill to the point that it really targets the most needy.

Let me say, when they say in the bill that the highest priority is class size reduction and there is no separate funding for it, they really do not give it a priority. So it leaves it up to the locals to decide where they are going to spend the money, whether they determine that they need it for class size reduction or they need it for teacher training. And I have nothing against either, because I believe that both go hand in hand, one with the other. But we ought to at least do it in a way that says to them, do the class size reduction, get the qualified teachers, show us which way we really need to spend the money before we authorize it being spent, rather than leaving it.

Now, I know we always say that locals know best. Well, I wonder, if the locals know best, then why did the Federal Government get involved in this at all? The Federal Government got involved in these programs because locals did not make the decisions that were necessary to take care of the children with disabilities, to take care of bilingual problems, to take care of disadvantaged students, and that is where the Federal programs came up with Title I and other programs.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. MCKEON).

Mr. MCKEON. Mr. Speaker, I just wanted to respond to the distinguished ranking member to a couple of things he said. I appreciate, and I would like to say that before the world, the fact that we did work together on a bipartisan bill. We ran into a glitch along the road, but this was a bipartisan bill, and my hope is that with final passage today, the world will know it is a bipartisan bill.

A couple of things the gentleman talked about. The gentleman mentioned reducing the class size K through 3, but then he used K through 6 several times.

In the bill that we have, it says reduce class sizes nationally in grades 1 to 3 to an average of 18 students.

So the difference is the substitute is a Federal mandate that says nationally reduce class size 1 to 3 to an average of 18 students.

And then as to the gentleman's question about who do we trust more, local or Federal Government, well, I spent 9 years on a school board. I do have great confidence in local control.

Mr. MOAKLEY. Mr. Speaker, I yield 30 seconds to the gentleman from California (Mr. MARTINEZ).

Mr. MARTINEZ. Mr. Speaker, when I referred to K through 6, I was referring to the fact of my own experience in grammar school that we had teachers that were qualified in all subjects and they taught all subjects, and K through 6 in most parts of the country today, not that our bill was inclusive of K through 6, but that is the situation that actually exists, and I think we ought to deal with the realities that are actually out there.

Mr. MOAKLEY. Mr. Speaker, I yield back the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself the balance of my time.

In closing, I will remind my colleagues that this rule is fair and balanced. Of the 12 amendments made in order by the Committee on Rules, 6 are offered by Democrats and 6 by Republicans. This equal treatment is appropriate for consideration of a bill that has bipartisan support. I hope my colleagues will join me in supporting both the rule and the underlying Teacher Empowerment Act which relies on the principles of teacher quality, smaller class size, accountability, and local control to improve our children's education.

But, teachers are central to today's debate, which is appropriate. Perhaps more than any other factor in education, teachers are key to academic achievement. By investing in our

teachers through this legislation, we are strengthening our most valuable education resource. I urge my colleagues to support both the rule and the Teacher Empowerment Act.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 227, nays 187, not voting 19, as follows:

[Roll No. 315]

YEAS—227

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coburn
Collins
Combest
Cook
Cox
Crane
Crowley
Cubin
Cunningham
Davis (FL)
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Eshoo
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kind (WI)
King (NY)
Kingston
Knollenberg
Kolbe
Kucinich
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—187

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hoeffel
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kildee
Kilpatrick
Kleczka
Klink
LaFalce
Lampson
Larson
Lee
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Snyder
Spratt
Stabenow
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOT VOTING—19

Berman
Calvert
Cardin
Coble
Cooksey
Engel
English
Hinchey
Holden
Kennedy
Lantos
Levin
Lewis (GA)
McDermott
Ortiz
Peterson (PA)
Stark
Towns
Watt (NC)

□ 1334

Mr. SHERMAN and Mrs. CLAYTON changed their vote from ''yea'' to ''nay.''

Mr. HALL of Texas changed his vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. STEARNS). Pursuant to House Resolution 253 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1995.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1995) to amend the Elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes, with Mr. SHIMKUS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY) each will control 30 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, if someone is a parent and someone has an opportunity to have their child in a classroom with 25 other students with a quality teacher, or if someone is a parent and they have the opportunity to have their child in a classroom of 18 children with someone who is not qualified to teach, who would they choose?

Well, it is very obvious. They would choose the quality teacher. All of the studies would indicate that next to the parent, and I repeat next to the parent, the determining factor as to whether a child does well or poorly in school has a great deal to do, more than anything else, with the quality of that classroom teacher.

In California, and we are going to hear that well they moved too quickly. They went on a crusade to reduce class size, spent $3 billion to do it. What did they end up getting in return? Mediocrity in the classroom, where they needed the most in places like Los Angeles. Why? Because they did not have quality teachers to put there.

Now we are going to hear, as I said, well, they moved too quickly. Let me

say about moving too quickly. Just in the last 2 weeks, the President sent out the first grants on reducing class size. And guess what? No quality control whatsoever. I do not even know if they have to be able to add and subtract. He does not say they have to. There is no quality control whatsoever. So talk about moving too quickly, I will guarantee that is exactly what has happened.

Quality teachers have to prepare if they are going to make a difference. Reducing the class size will not make one bit of difference if we cannot put a quality teacher there, and it will not make one bit of difference if we do not have anyplace to put the teacher.

So what we are saying here is, we understand that. We understand that there has to be a quality teacher. We understand there has to be a place to put that quality teacher to teach those children. So we say, promote teacher quality. That should be the first and foremost thing as a Congress we should try to encourage.

Secondly, we say, reduce class size. We do not say, reduce class size no matter who is stuck in that classroom. We say, maybe they are going to have to better prepare some that are in their own school at the present time rather than stick someone who is not qualified into that classroom.

We say, get the money down to that classroom. We say, promote innovative teacher reforms; promote teacher tenure reform; teacher testing; merit-based teacher performance systems; alternative routes to teacher certification; differential and bonus pay for teachers in high-need subject areas and areas where they are needed the most; provide teacher choice.

If the local school district cannot provide decent retraining, with decent in-service programs, we say that the teacher can go and get it and we will make sure that it is covered. It ensures high-quality professional development and provides accountability to parents and taxpayers, and it promotes math and science.

We are talking about quality, and for all of these years we should have been talking about quality rather than quantity. So let us get along with it and provide the local school district the opportunity to put quality people in every classroom so every child has an equal opportunity for a good education.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, last year, Congress passed the omnibus appropriations bill, making a $1.2 billion down payment on President Clinton's plan to hire 100,000 new classroom teachers. It was supported by Democrats and Republicans because overwhelming evidence demonstrates that students in smaller classes with qualified teachers have greater academic success, especially in the early grades.

H.R. 1995, the Teacher Empowerment Act, threatens the future of this class size reduction program by allowing funds to be diverted to other uses without having to address the shame of overcrowded classrooms.

Only on rare occasions have there been such unanimous opposition in the education community to a proposal such as this one. Every major education group has expressed strong opposition to abolishing the requirement to target funding for class size reduction.

Now, Mr. Chairman, the people who drafted this bill are all isolated here in Washington, D.C. and want everybody to think that they have the answers to the problems in public education, but a sampling of such comments from people who are out there in the trenches, who are out there every day dealing with the problems of education, is something that we ought to pay attention to.

The Council of Chief State School Officers say that they support the Martinez Democratic substitute because, and I quote, ''H.R. 1995 fails to ensure a stable and growing funding stream of resources for both professional development and class size reduction. The Martinez substitute would target Federal resources to two distinct but companion Federal priorities without making them compete against each other for a fixed pot of funds,'' end of quote.

The National Education Association writes, and I quote, ''NEA strongly opposes provisions of H.R. 1995 to combine the class size reduction program with Goals 2000 and professional development programs. Combining class size reduction with other programs will serve merely to undermine its effectiveness by failing to achieve the goal of hiring 100,000 qualified teachers,'' end of quote.

The National School Boards Association, representing thousands of school districts across the country, opposes the approach taken in this bill. They write, and I quote, Mr. Chairman, ''Much stronger legislation and far more targeted Federal dollars are needed if the Nation's public schools are to ensure that students, particularly those in poverty, have a real opportunity to improve student achievement. H.R. 1995 implies that America's school board members must make the unfortunate choice between access to high-quality teachers and access to an effective learning environment with a teacher ratio that research has proven is effective,'' end of quote.

Other groups, Mr. Chairman, including the American Federation of Teachers, the Council of Great City Schools, the National Parent and Teachers Association, and the Leadership Conference on Civil Rights all strongly support a separate stream of funding for class size reduction.

Finally, Mr. Chairman, President Clinton on the recommendation of Secretary Riley has issued a veto threat on this bill. All across the country children, parents, and teachers are counting on us to finish the job of reducing class sizes. The Martinez substitute that will be offered later today makes good on this commitment by continuing a separate stream of support for the Clay-Clinton Class Size Reduction Act.

Mr. Chairman, too many of our students and teachers are now struggling in classrooms with as many as 35 children. We should not let them down. I urge support of the Martinez substitute and, if it fails, I urge rejection of H.R. 1995.

Mr. Chairman, I reserve the balance of my time.

□ 1345

Mr. GOODLING. Mr. Chairman, I should have told the ranking member we were going to name the bill after him when it passes.

Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. MCKEON), the subcommittee chair who was the chief honcho, making sure that the staff did a good job, which they certainly did.

Mr. MCKEON. Mr. Chairman, I rise in strong support of H.R. 1995, the Teacher Empowerment Act.

I would like to open my remarks by thanking the gentleman from Pennsylvania (Mr. GOODLING), chairman of the Committee on Education and the Workforce for his leadership in bringing this important legislation to the House floor.

I would also like to thank the gentleman from Delaware (Mr. CASTLE), chairman of the Subcommittee on Early Childhood, Youth and Families, other members of our committee, and certainly the Speaker of the House, the majority leader, and other Members of the House leadership for their hard work on this issue.

This legislation will make a significant and positive impact on how we prepare our Nation's teaching force by providing States and local school districts with needed funding to train high quality teachers and to hire new teachers where necessary.

In the development of the Teacher Empowerment Act, we have made every effort to put together a bill that is in the best interest of children, parents, and teachers. We have also tried to include the best elements of teacher training proposals from the governors, the administration, and different Members of Congress on a bipartisan basis.

The Teacher Empowerment Act was developed with three key principles in mind: teacher excellence, smaller classes, and local choices.

The bill gives States and particularly local school districts the flexibility to

focus on initiatives they believe will improve both teacher quality and student performance. In exchange for this flexibility, the bill holds local school districts accountable to parents and taxpayers for demonstrating results measured in improved student performance and higher quality teachers.

This legislation encourages intensive long-term teacher training programs that are directly related to the subject matter taught by the teacher. We know that this works.

If localities are unable to provide such professional development, teachers will be given the choice to select their own high quality teacher training programs through teacher opportunity payments. For the first time, we are giving teachers a choice in how they upgrade their skills. Our teacher opportunity payments will empower individual teachers or groups of teachers to choose the training methods that best meet their classroom needs.

The Teacher Empowerment Act maintains an important focus on math and science, as under current law, but the legislation expands teacher training beyond just the subjects of math and science.

The legislation ensures that teachers will be provided training of the highest quality in all of the core academic subjects.

By combining the funding of several current Federal education programs, the Teacher Empowerment Act provides over $2 billion annually over the next 5 years to give States and, more importantly, local school districts the flexibility they need to improve both teacher quality and student performance.

The bill also encourages innovation on how schools improve the quality of their teachers. Some localities may choose to pursue tenure reform or merit-based performance plans. Others may want to try differential and bonus pay for teachers qualified to teach subjects in high demand. Still, others may want to explore alternative routes to certification.

Further, the Teacher Empowerment Act continues to support local initiatives to reduce class size. In fact, schools would be required to use a portion of their funds for hiring teachers. However, unlike the President's program, we do not dictate to the schools how much they spend on new teachers. Instead, schools will be allowed to determine the right balance between quality teachers and class size reduction.

Instead of paying for 100,000 new teachers 1 year at a time, we are providing local school districts with the resources to train over 500,000 qualified teachers each year over a 5-year period.

Finally, schools will also be allowed to hire special education teachers with these funds. All of these options are feasible in our legislation because we do not try to tell schools what their approach should be. We do not want to impose any one system that every school must follow in order to upgrade the quality of its teachers. That will not work, because one size does not fit all.

The Teacher Empowerment Act is good, balanced legislation. It provides the flexibility that States and local school districts need to improve the quality of their teaching force with two goals in mind: increases in student achievement and increases in the knowledge of teachers in the subjects they teach.

I encourage all of my colleagues in the House to support this important legislation as we work to improve our Nation's schools.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. MARTINEZ).

Mr. MARTINEZ. Mr. Chairman, I rise in opposition to the bill before us today. There is nothing that I would have liked more than to come to the House floor with real meaningful, bipartisan teacher quality legislation.

When the gentleman from California (Mr. MCKEON) and I first began the process of reauthorizing title II of the Elementary and Secondary Education Act, I had high hopes of doing just that.

The chairman and I held several of the most informative hearings I have attended since coming to Congress many years ago. We heard from witness after witness that teacher quality is one of the most important factors in student achievement.

However, we were alarmed to learn that 10 percent of our Nation's public school teachers are currently uncertified and another 28 percent are teaching out-of-field or in subject areas in which they hold no degree.

To address this serious problem, our members wanted legislation that would ensure that every child receives instruction from a highly qualified individual and an environment conducive to learning. As a result, we wrote in the Miller amendment to our bill, one that the other side did not have in their bill when they first introduced it in committee.

I am pleased that several Democratic proposals, regarding recruitment, retention, and high quality professional development for all school personnel are included in their bill.

I am also pleased to see that the provisions of the gentleman from California (Mr. GEORGE MILLER) on accountability, which require that all teachers be qualified in areas in which they provide instructions by 2003, are included in the chairman's mark.

However, what started out to be a bipartisan process turned into political posturing when the chairman was instructed by his leadership, as he just explained in his opening statement, to eliminate the Clinton class size reduction initiative as we know it by rolling it into a block grant to the States and, as a result, putting quality teacher and small class size against one another.

Last year, this Congress promised teachers, students, and parents across the Nation that we would help them reduce class size with qualified teachers over the next 6 years. The first down payment on that promise was made to the States just a few weeks ago.

Because H.R. 1995 reneges on that promise, it has elicited a veto threat from the President and letters of opposition from all the major education groups, including the National Education Association, the American Federation of Teachers, the National Parent-Teachers Association, the Council of Great City Schools, the Leadership Conference on Civil Rights, the Council of Chief States School Officers, the National School Board Association, and the National Governors Association.

There is no reason that school districts should be forced to choose between quality and smaller classes, both of which are equally important to student achievement.

We cannot accept less than our children deserve, which is quality teachers and smaller classes. If that means increasing the Federal investment in education, so be it. Is $3 billion out of a trillion-dollar tax bill too much to ask for our Nation's children? I do not think so.

In fact, shortly, I will be offering an amendment in the nature of a substitute that encourages the States and districts to both improve teacher quality and reduce class size, and it provides them with adequate funding to accomplish both.

If my colleagues are serious about improving public education, they should put their money where their mouths are and support the Martinez substitute and oppose H.R. 1995 in its current form, which is the status quo.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. BALLENGER), one of the important veterans of the committee.

Mr. BALLENGER. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding me this time.

Mr. Chairman, I rise in favor of H.R. 1995. The Federal Government only supplies about 5 or 6 percent of the money to run our local schools but supplies most of the controls on how it is used. As such, much of the funding is lost in the State and Federal bureaucracies. If local officials want to use Federal dollars to train teachers, reduce class size, or retain good teachers, they must do it the Federal way, or they do not get the money.

The Teacher Empowerment Act mandates that 92 percent of the funds must go to the local level, not to the bureaucracy, and may be spent at local

discretion if positive results can be demonstrated. This proposal sounds almost too practical to be a Federal program.

As we debate the Teacher Empowerment Act, much will probably be said by the other side in opposition to the bill which consolidates the President's ''100,000 New Teachers'' programs and other programs into a single funding source. I would like to address this issue briefly.

The bill requires that funds be used to hire new teachers and reduce class size. However, unlike the President's program, this bill allows localities to determine the correct balance between teacher quality and class size.

The President's proposal actually limits the funds available to teacher quality initiatives to 15 percent of total funds. With various studies showing that teacher quality has a far greater impact on student achievement than does class size, I find the President's cap on funds available for improving teacher quality shortsighted and detrimental to improving student performance.

As the gentleman from Pennsylvania (Mr. GOODLING) said, a student can learn more in a class of 25 taught by a highly qualified teacher than in a class of 17 with a teacher who has few qualifications.

Our children deserve to be taught by teachers who are qualified and prepared to offer their very best. By using Federal education dollars effectively as outlined in the Teacher Empowerment Act, we will move closer to that important goal. A school's strength comes, in part, from the quality of its teachers. Let us help our teachers be the best that they can be by passing this bill.

Mr. CLAY. Mr. Chairman, I yield 4 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK of Hawaii. Mr. Chairman, I thank the gentleman from Missouri, the ranking member, for yielding me this time.

Mr. Chairman, this is a very important moment in the development of education policy by the Congress of the United States. If we enact H.R. 1995 as it is presently presented to this body, we will be departing from one of the essential ingredients in the enactment of the first elementary and secondary education bill in 1965.

That took 25 years to develop because of basic disagreements in how to structure Federal aid to education. It was finally enacted because there was a consensus agreement among all the elements that competed for attention with the understanding that it was the neediest in our society that was most deserving of the attention and targeting of the limited Federal funds.

I think that is the issue today. Everyone recognizes the fact that we are only talking about 6, 7, perhaps 8 percent at the most of the total cost of public education coming from the Federal government.

This is a minuscule amount of funding that the school systems can depend upon from the Congress. Because the amount is so limited, it is extremely important that we target it to the areas of the greatest need.

In looking over this legislation, H.R. 1995, the National School Board Association, the Council of Chief State School Officers, the National PTA, the Leadership Conference on Civil Rights, and the American Federation of Teachers all make the same observation, that it sacrifices the essential element of comprehensive Federal approach to support of public education by its failure to continue to limit the targeting to the most needy elements of our society.

When we broke this teacher education portion away from the ESEA, we sacrificed that essential ingredient. So I think, for all the reasons that I have stated, notwithstanding many compromises have been made in the teacher development sections, that the important departure that we must vote against is the failure of the targeting.

The second is, in all these years that we have been giving their districts ESEA money and other kinds of money in which the local school district creates the plan, creates the funding, one of the great deficits is that, notwithstanding the fact that the local school agencies could determine how to spend the monies, not enough emphasis has been given to the reduction of class size.

So, therefore, the second element that is missing is the President's initiative that says, of the small amount of money that we are dedicating to the improvement of the neediest in our society, and that is to have smaller classrooms, we cannot sacrifice that initiative.

The bill, H.R. 1995, removes all separate funding for this initiative. So for those two major reasons, notwithstanding all the wonderful rhetoric and so forth about teacher development and the importance of the teacher in our society, without those two elements, we sacrifice the greatest impetus of moving forward and making sure that the least in our society has a greater opportunity to learn, to become a part, a contributing part of this society, and move towards their human and individual potential.

So for those reasons, I urge that the Martinez substitute which contains all of these things that I have described be adopted. If that fails, I urge a ''no'' vote on H.R. 1995.

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Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Delaware (Mr. CASTLE), another subcommittee chair from our committee.

Mr. CASTLE. Mr. Chairman, let me thank the chairman and the gentleman from California (Mr. MCKEON) for their extraordinary work on this particular piece of legislation which I have looked at.

I have been in every public school in my State. By the way, I would not advise Members try that unless their State is the size of Delaware. I can tell my colleagues that I have spoken to many, many teachers there, and I have heard them worry about the Federal role as far as education is concerned, which is, as somebody said here, about 7 percent of all of the funding.

In Delaware we are already down to 17 pupils per teacher in our classes. We do not need help with the extra teachers. Why we are fighting so hard or why some people on this floor are fighting so hard to make sure we have this exclusive provision in the Martinez substitute for just 100,000 teachers, I do not know. I believe that the best way to do this is what this bill does. It allows the school districts to determine the correct balance between teacher, quality, and class size.

This bill allows States like Delaware, school districts all over the United States of America which are in compliance with what has to be done with respect to class size, to improve the quality of the teachers which they have. It combines the best element of Goals 2000 and the Eisenhower program. These are extraordinary programs. This really gives us an opportunity to uplift the quality of teachers across the United States. But if a school district wants to reduce its class size, it can do it. If a State wants to reduce its class size, it can do it.

So the legislation, in my judgment, does all that it should do to help with teacher quality, which is of overwhelming importance. It sends the dollars back to the classroom, back to the States, back to the local school districts. It actually promotes innovative teacher reforms, and we have needed this for years, which I think is exceptional.

The bill also ensures high quality professional development. I think professional development has been left behind as far as teachers are concerned. It also promotes math and science in the Eisenhower program, which is of overwhelming importance in this country. And of course it consolidates our Federal programs.

So this legislation has much to offer, and I would encourage everybody to support it. Hopefully, we will have a signing ceremony in the Rose Garden helping the teachers and the students of America someday.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, I rise in opposition to H.R. 1995. It is an okay bill, but it is not okay enough; and our

children, their parents and our teachers deserve something better than okay.

H.R. 1995 walks away from last year's bipartisan commitment to reduce class size in the early grades. H.R. 1995 combines the funds that would reduce class size with other funds, leaving school districts without the guaranties that they need to hire new teachers.

H.R. 1995 creates a block grant for teacher training and includes class size reduction into that very same block grant. Yes, they permit reducing class size, but they do not guaranty smaller classes.

Anyone who knows the history of Federal funding knows that once programs become part of a block grant, they lose their funding. It just happens that way, and it happens that way every time, particularly programs for the most needy.

Our students and their parents are counting on us to reduce class size, and they are counting on us to bring qualified teachers to their schools. They need and they deserve no less. They need and they deserve both smaller classrooms and qualified teachers, not either/or.

Mr. Chairman, I urge my colleagues to vote for the Martinez substitute and against H.R. 1995.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. SOUDER), another outstanding member of our committee.

Mr. SOUDER. Mr. Chairman, there has been a little bit of confusion that I wanted to try to clear up. The Chairman's bill, and I congratulate him for his initiative, has a first-year authorization of a little bit over $2 billion. The substitute of the gentleman from California (Mr. MARTINEZ) has $3 billion.

But we should not be confused here. We are not the Committee on Appropriations. These questions will be resolved in the appropriations debate later. For those who are concerned about the particular dollar amount, they ought to join the Committee on Appropriations. This is the policy committee. The authorizing committee sets the thrust of the policy of how we are going to approach.

We had to come up with an initial number in order to have it be scored so we could go into the budget process without it distorting and becoming, in fact, a money debate. Right now the Republican dollar amount there is far greater than the Committee on Appropriations appropriates anyway. And, quite frankly, if at the end of the year, as we have many other years, a final number is determined, the Committee on Rules puts a waiver in to adjust the dollars.

This is not a money debate, and efforts to confuse outside groups by getting endorsements and saying this is a money debate, and by coming to the floor and trying to make this a money debate distorts the issue at hand.

The question is not whether we favor class size reduction, because in fact this bill allows all the dollars to be used in class size reduction. The question is do we trust our local school districts, our local teachers, our local principals to make decisions as to whether they need to improve the quality of the teacher or whether they have special-needs kids or whether they need to make other decisions similar to that within a very narrowly defined context in order to have some flexibility.

Some Members have spoken almost with disdain about their local teachers and schools as far as their ability to make these decisions, whereas I have great confidence in my local schools and local school boards that, in fact, they know whether they need better teachers rather than reducing from 19 to 18 their class size, or whether they need a better qualified teacher, or maybe they have special-needs kids who are not being covered and that is where their money is and they decide that rather than diverting other funds rather than use these funds. I trust them to make that decision.

This is not about money; this is about policy.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Chairman, I thank my good friend from Missouri for allowing me this time to speak on this legislation and talk about the need for the Martinez substitute.

First of all, Mr. Speaker, one of the concerns I have is the reauthorization of the Elementary Secondary Education Act. The majority side has split it up into a number of pieces of legislation, and my concern is one of those pieces may fall out. We have to educate and think about the whole child and the whole system and not just one part of it. I am concerned that by having different parts, we will not be able to see the whole picture at one time. This decision may sound good, but we need to make sure that the Elementary Secondary Education Act is whole and not just parts.

I heard my colleague from Hawaii talk about Federal education funding is only 6 or 7 percent of some school budgets, and that is true. But in urban districts, poor districts, with at-risk children, sometimes the Federal money is as much as 10 to 12 percent. So 6 to 7 percent is a dramatic part, and I have some districts that need the Federal education money just to provide the education they need for those children.

H.R. 1995 needs to be amended by the Martinez substitute to continue our Nation's commitment to our at-risk children. We need to provide the assistance to the States and the local communities and local school districts where most of our education dollars originate. They do not originate here in Washington or even in Austin, Texas. They originate in the local districts.

My wife is a public high school teacher in the Aldine district in Houston, and our two children went to public schools. In my experience both as a spouse and as a member of Congress, I hear it every weekend when I go home that class size is important. Whether it is kindergarten through 4th grade, like in Texas where we have 22-to-1, or through the 12th grade, we need to have smaller class sizes.

Teachers cannot teach if they are simply managing that classroom. They may be able to manage 35 children, but they cannot teach. Teachers have to impart knowledge, and that is what the Martinez amendment would do, and continue our efforts on that.

So I encourage people to support the Martinez complete substitute.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. ISAKSON), a new Member and a breath of fresh air on the committee.

Mr. ISAKSON. Mr. Chairman, I commend the gentleman from Pennsylvania (Mr. GOODLING) on this piece of legislation, as well as the subcommittee chairman, the gentleman from California (Mr. MCKEON). I commend as well the work of the committee.

Mr. Chairman, I would like to address my remarks specifically to the difference between this bill and the substitute that will soon be before us, and I want to use the context of the remarks of the gentleman from California when he introduced his substitute, or explained it.

He accused this bill, the Teacher Empowerment Act, of choosing quality over quantity of teachers. And he is right. But we must understand if we reject this bill on that basis, we must accept his substitute in accepting quantity over quality.

I want to submit some facts which every Member of this Congress must understand. First of all, there are not 100,000 certified teachers in the United States of America available to be hired. If there were, the State of Massachusetts would not be offering $20,000 bonuses to get teachers already employed in other States to come to theirs.

If there were, the State of California would not have had the unfortunate circumstance it had when it reduced classroom size, but it did unfortunately with teachers teaching out of field and out of certification. And in my own State of Georgia there are public school systems where as much as 40 percent of content is taught by teachers out of field. Not because that is our desire, but, Mr. Chairman, because the fact is the talent is not there.

Teacher empowerment means staff development. It means flexibility in funding to see to it that those who have already committed their life to teaching can be trained in field and in service to become better teachers.

Those who want to fool us with the ruse of one number is better than the other, are putting their facts and their future in numbers, not in the quality of our teachers or, more importantly, the education of our children.

When we choose to vote today, we should reject the substitute, because all it offers is quantity, with no quality. Instead, adopt the bill, which gives our local systems the flexibility to find the best teachers they can, improve the good teachers they have, and make the best decision for their children at the local level, not in Washington.

Mr. CLAY. Mr. Chairman, may we have a time check?

The CHAIRMAN. The gentleman from Missouri (Mr. CLAY) has 14½ minutes, and the gentleman from Pennsylvania (Mr. GOODLING) has 13 minutes remaining.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, all of the other authorizing committees come to the floor with comprehensive bills dealing with the total problem. The reason we are victimized here by gross oversimplification and extreme claims for what one particular action is going to accomplish in the education area is that we do not have a comprehensive bill.

The Elementary and Secondary Education Assistance Act has been balkanized, and for a reason. This is part of a guerrilla attack, strategically. When the Republicans took control of the Congress in 1995, they wanted to abolish the Federal role in education, and they did a head-on invasion, a direct attack; and it failed miserably and the American people rejected it. Now we have a guerrilla operation. One beachhead was established with the Ed-Flex Act. Now this is a second beachhead whereby we are challenging the President's priorities; we are challenging the role of the Federal Government.

They want to talk about flexibility, but flexibility means no accountability. As we reduce the size and the role of the Department of Education, there is nobody to monitor anything. We have a window of opportunity, a great door of opportunity open right now for some serious education reform and we have some funds to back it up. We do not have to keep robbing from the poor. This bill is designed to pilfer from the program's funds that have been targeted for the poor and spread the same resources thinner.

We should stand up like the other committees, get in line and ask for more money. There is a surplus. Why do we not ask for part of that surplus to be devoted to investment in education? Not expenditures on tax cuts but investment in education.

The best way to help Social Security is to invest in education. Instead of continuing to scramble money and rob from one part of the sector for another, let us move forward with a comprehensive bill. Bring the Elementary and Secondary Education Assistance Act to the floor and let us discuss it as a comprehensive bill.

Now is the time to let the common sense of the American voters come into this House and guide the confused leaders here. Their straightforward and hard-headed point of view has said that education is our number one priority. The voters want to see some action. Why can they not see some action in terms of us asking for more resources? Do not just keep playing around with issues.

We should abandon this perverted Robin Hood mentality where we are robbing the poor in order to take care of the rest of the sectors. The wealth of today and the future will be measured in brainpower. We should make education a priority the way the American people have made it and have a brainpower production machine which is thoroughly funded. And this committee should lead that and not follow. This committee should take the initiative in demanding more resources for education and not in balkanizing and trimming what we have already.

We need a streamlined structure, a streamlined approach to education reform, and we cannot get that without bringing the Elementary and Secondary Education Assistance Act to the floor and discussing it wholly. As members of the Committee on Education and the Workforce we are denied an opportunity to fully debate every part and see how each part melds with the other because we do not have a comprehensive bill before us. We have only this guerrilla attack, this perverted Robin Hood approach which is designed to rob the poor in favor of the rich.]

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Mr. GOODLING. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Chairman, I rise in support of this bill, the Teacher Empowerment Act, because in order for education to succeed, our teachers must first succeed.

In spite of what some people want us to believe, there is no one student-to-teacher ratio and no magic number that guarantees academic success in our classrooms. As long as some teachers are hampered by red tape, ill-trained and ill-equipped, they will not be able to accomplish their objective, which is to educate.

This bill backs local initiatives to meet class size reduction plans and give teachers more flexibility to choose their professional development programs. This bill shifts 95 percent of funds directly to the local level, sending the money to the people who need it most, the students. And this bill maintains the focus on math and science without sacrificing accountability.

I urge my colleagues to give students the resources they need to succeed. We owe it to them to support this important legislation.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-MCDONALD. Mr. Chairman, I thank the gentleman from Missouri (Mr. CLAY) for his leadership on this issue. I stand today, Mr. Chairman, as the only Member who serves in this House on the National Commission on Teaching and America's Future. I thought surely we were going to have a comprehensive bill that talks about teacher empowerment. Yet we have a bill that to some degree eliminates the funding that will provide the type of education that is needed for those students who are in inner cities, like my district of Watts.

We are talking about taking Goals 2000 funding that speaks to standards that should be given to students who are in these inner cities, yet it is transferred to a new formula of 50–50. That is not what the National Commission on Teaching and America's Future wanted. We want preinduction, postinduction types of service. We want ongoing professional development. These are the things that teachers need if you are going to empower teachers. This is not an empowerment teachers act. This is just really a renegade of persons who want to take money where we will not have reduction in class sizes, we will not get the 100,000 qualified teachers and therefore look at credentialing to ensure that we do empower teachers.

I am really appalled at my colleagues on the other side who speak to empowerment of teachers, as I was a former teacher, that do not teach, that do not speak to the actual provisions that will help teachers, to empower teachers to teach to those students who will be coming to them from a myriad of backgrounds.

I say to you, those who are listening to us, this is not the type of empowerment program that we must have if we are to empower teachers. As a former teacher, I want to see the 80–20 ratio that speaks to those kids that are in inner cities that really need the funding and the teachers that will empower them to reach the goals that they need.

Mr. Chairman, I ask all of my colleagues to please, let us vote against H.R. 1995 and let us approve the Martinez amendments that will really bring about empowerment of teachers.

Mr. Chairman, I rise in opposition to the Teacher Empowerment Act. This bill represents a piecemeal approach to addressing educational issues in America. Furthermore, the President has made his position clear—he will veto this legislation if it crosses his desk.

As legislators, parents, and citizens we are well aware of the need to improve teacher quality and reduce classroom size to allow all children an equal opportunity to a quality education. I urge my colleagues to continue looking at comprehensive reforms to improving teacher quality, reducing classroom size, targeting resources to the neediest schools, and encouraging academic achievement.

As a former educator, I have made strengthening our nation's educational system one of my top priorities. In the 105th Congress, I introduced the TEACH Act to better equip America's teachers to meet the needs of our children as we enter the 21st century. While drafting my TEACH Act, I worked with the National Commission on Teaching and America's Future and local boards of education because we need their input to ensure that we continue taking concrete steps toward innovation and reform in our schools.

In today's schools, we have children that are being taught in trailers that do not have heat or air conditioning and teacher shortages in key areas like math, science, and special education. Improving teacher quality is something that we need to do, but it is not a silver elixir. We need to do more!

H.R. 1995 has not reached out to the educators—most education groups do not support H.R. 1995—what does that tell us? What message are we sending to parents and children by passing H.R. 1995?

Once again, I urge my colleagues to oppose H.R. 1995 and support the Martinez substitute—H.R. 2390.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume. I want to make sure that the gentlewoman understands that there is no targeting whatsoever in Goals 2000 money. No targeting whatsoever. Her school districts are guaranteed the same amount of money they get now or more. I just want to make sure we understand that.

Mr. Chairman, I yield 2 minutes to the gentleman from Utah (Mr. COOK).

Mr. COOK. Mr. Chairman, I rise today in strong support of the Teacher Empowerment Act. I thank the chairman for including my bill, House Concurrent Resolution 151, in the manager's amendment. My bill directs Federal funding for training elementary and secondary school teachers in the areas of science, mathematics and engineering.

Several recent assessments of the progress of student performance in the areas of science and mathematics have shown disturbing results. One test in particular, the Third International Mathematics and Science Study, showed that in science and mathematics, the United States is one of only a few countries whose scores, relative to the rest of the world, were actually lower after 12th grade than after the 8th grade. Further, in all five content areas of physics and in all three content areas of advanced mathematics, U.S. students' performance was among the lowest of the nations tested.

Mr. Chairman, this amendment has within it a section that expresses the sense of this Congress that Federal funding for elementary and secondary teacher training be used first for activities to advance science, mathematics and engineering education for elementary and secondary teachers.

I am proud to support such a step that would give educators the tools to instruct our students in these areas that it is obvious that we need to give extra attention to. I ask my colleagues to support this bill.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. SAWYER).

Mr. SAWYER. Mr. Chairman, I thank the gentleman from Missouri for the opportunity to comment on the measure before us.

I would like very much to associate myself with the comments that were made earlier by the gentlewoman from Hawaii who spoke in terms of the role of Federal funding in education over the last 30 years, focusing as it does on areas of the greatest need. In those terms, I take a back seat to no one in terms of the goals of this bill. The work that I have done over 10 years on the Committee on Education and the Workforce, focusing on math and science, particularly the professional development of teachers, class size, teacher quality, teacher availability and funding accountability, I like to think is second to none following the leadership of the gentleman from Missouri and his predecessors in the leadership of that committee.

But there is something that is critical to all of us that we need to understand, and that is a matter of simple arithmetic. Today we face the largest student population in the Nation's history. It is larger than it reached at its record levels during the baby boom whose school population attended in the 1960s. It will surpass those records and break the record every year for the next 12 to 15 years. That sets up one dynamic. At the same time, we are facing the retirement crisis that we will face in the general population 10 to 12 years from now in the immediate future in the teacher cohort. Virtually half of those who are currently teaching are probable retirees in the next 7 to 8 years. That means that the kind of targeting that the gentlewoman from Hawaii was talking about over the last 30 years becomes even more critical in the topic that brings us here today.

I take no issue with the goals of those who have written this bill, but I do take issue with the way in which they have failed to articulate and direct dollars where they can do the most good in the immediate future. I oppose the bill in its current form and urge other Members to do likewise.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Chairman, I rise in strong support of this bill. This is a good bill. I commend the gentleman from Pennsylvania for bringing this bill to the floor and I thank him for yielding this time to me.

This bill emphasizes local control and flexibility and will lead to many more improvements in education than if we stick with an old, outmoded, one-size-fits-all big government type of system. This bill would help ensure that more Federal education funds get into the classroom rather than into the black holes of Federal and State bureaucracies.

But because of the need as just pointed out by the gentleman from Ohio about hiring teachers in the next few years, I particularly rise to urge support for an amendment that strengthens efforts toward alternative certification programs. This amendment was introduced by the gentleman from New York (Mr. LAZIO), the gentlewoman from New Mexico (Mrs. WILSON) and myself.

Under most State laws on certification, people like an Albert Einstein or a Winston Churchill would not be allowed to teach in our schools. People like Howard Baker and Alan Greenspan if they were willing and most Ph.D.'s could not teach in our public schools because they did not take a few education courses.

It makes no sense, Mr. Chairman, to say that a college professor with many years of teaching experience and grade expertise in a field cannot teach in a public high school simply because he had not taken a few education courses.

The Education Secretary of Pennsylvania, speaking of his own efforts to set up an alternative certification program said a few days ago:

> We also know there are talented, energetic Pennsylvanians who didn't enroll in these programs, yet have the skills and expertise to greatly enrich our classrooms. This program gives us a way to tap into these people: World-class scientists actually sharing their experience with Pennsylvania students; engineers teaching physics; private-sector statisticians teaching advanced mathematics in high school; retired executives teaching the fundamentals of business or economics; experienced college professors returning to the public school classroom.

Local school boards, Mr. Chairman, should be allowed to consider a degree in education as a plus or positive factor in hiring teachers but they should not be prohibited from hiring people who have great knowledge, experience and success in a field just because they have not taken a few education courses.

Mr. CLAY. Mr. Chairman, I yield 1½ minutes to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Chairman, I thank the gentleman from Missouri and the gentleman from Pennsylvania for bringing the bill to the floor, the gentleman from California (Mr. MARTINEZ) and all who have worked so hard on this.

Never have I ever heard of a prison in America that suffers from overcrowding that we did not take appropriate steps to alleviate those pressures. Yet we are all fully aware that many of our teachers and many of our schools and superintendents and parents throughout the Nation confront a great problem day in and day out. Oftentimes they are in rural districts and urban districts. Sometimes they are African American kids, sometimes they are Hispanic kids, sometimes they are white kids. But they are children, trying to learn and trying to have knowledge imparted to them.

What we are faced with today is an opportunity, Mr. Chairman. I have not made my mind up on final passage, but I will vote ''yes'' on the Democratic substitute and urge all of my colleagues to do that. We have an opportunity to maintain or honor the commitment that we here in this Congress made last year to help fund 100,000 new teachers. The gentleman from California (Mr. GEORGE MILLER) has worked closely with those on the other side to include some accountability provisions to ensure that we get qualified teachers. It has been shown that a qualified teacher in the early years has an incredible impact on the lasting ability of a young person to learn and to absorb knowledge. Yet in H.R. 1995, the underlying bill, we consolidate the authorization. We do not maintain two separate funding tracks to ensure that we have money for class size and money for teacher quality.

I urge my colleagues to vote ''yes'' on the Democratic substitute. Let us see what happens there before we go rushing to judgment on H.R. 1995.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. Mr. Chairman, I thank the gentleman for yielding me this time. I am grateful to him and to the gentleman from California (Mr. MCKEON) for bringing this bill to the floor. I am also grateful to the gentleman from Missouri (Mr. CLAY) for the great work he has done on this committee for so many years, and I am pleased to have had the opportunity to serve from our State with him and appreciate his commitment to this debate and his commitment to better education. I think that is what this debate is about. I think this bill, the base bill, provides that. Certainly the gentleman from Tennessee (Mr. FORD) just mentioned appropriately the importance of quality teachers in the early grades. But I think quality teachers are important throughout the process.

What this legislation does is allow ways to enhance the quality of teachers. It really decides where that decision is going to be made, whether that decision is going to be made in Washington, whether the decision as to what a local school district needs is made here on the floor of the Congress and here in the Halls of the bureaucracy in Washington or whether it is made in the school district, whether it is made in the principal's office in conjunction with the teacher and the school board and parents. I think they can best make those decisions. This bill is another step in that direction. Certainly reducing class size is an option here. But so is better education and special education. More funding for special education teachers, more mentoring, more teacher quality, all of those things have the potential to have great impact in different situations in different districts. We do not know here.

The gentleman from Delaware (Mr. CASTLE) mentioned earlier that in Delaware they are already down to 17 students as the maximum in a class in elementary. But there are certainly things I am confident in Delaware that they need, that they have not done all they need to do. Simply because they have made the steps already to reduce class size does not mean we should penalize people in that State from being able to do other things that enhance quality of education. I believe this bill does that. I am grateful that it is on the floor today. I intend to vote for it and encourage my colleagues not to be for the substitute.

□ 1430

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. Mr. Chairman, I thank the gentleman from Missouri (Mr. CLAY) for yielding the time; and, Mr. Chairman, I rise in opposition to this block grant bill and urge my colleagues to vote for the Martinez substitute against H.R. 1995.

I do not need to remind my colleagues that I have spent a number of years working in the public schools, certainly in my State for 8 years as State superintendent of schools; and I know firsthand what challenges our teachers face, and I commend both sides of the aisle for the work on this bill. I just wish they had gone farther to make it right.

If America is going to make the most of the opportunities in the 21st century, we must improve academic performance for all of our children, all of our children, not just a few. Quality instruction is absolutely critical in this effort.

The three proven keys to improving education are, 1, reduce class sizes; 2, improving the quality of instruction; 3, a rich curriculum with assessment and accountability so that continued progress can be made. And this bill, 1995, does not do that.

Federal support is critically necessary in achieving effective professional development in class size reduction. We cannot put it together. H.R. 1995 fails to live with that needed support, and for me it really creates a problem when they fail to reauthorize the Board for Professional Teachers Standards that has made a difference in this country, and my State has an awful lot of teachers certified under that.

If we do not reduce class size and we lump it together in the block grant, I know what will happen; my colleagues know what will happen. The Committee on Appropriations will start cutting the money, and we will not see it again; it will be gone.

Reducing class size and expanding professional development will be doubled under the Martinez substitute over the next 5 years. That is how to improve the opportunity for education for all children. Do not flat-line the appropriation and lump it together; that is how to make a difference. Mr. Chairman, that is how to improve education. The substitute does that.

H.R. 1995 greatly reduces the targeting of Federal resources to the neediest districts in America, for the highest poverty areas, for the largest class sizes and the greatest shortage of qualified teachers. We are going to improve the number of teachers in this country when they truly believe there is a commitment at every level to make sure that we are going to be there year in and year out; and if we pass a 5-year bill and block grant it, I can assure my colleagues of one thing: they will send a message across America that reducing class sizes are not important once again. That is a mistake; I hope we do not do it.

Finally, let me say to my colleagues that this bill says that an education authority is the State. Do my colleagues know what the State is? It is the governor or whomever has designed it. Every bill that I have ever seen says the State education agency. This bill works subtly, moves it to governors who serve 4-year terms, and it takes it out of the education department, and, Mr. Chairman, that will be the biggest mistake we have made beyond block granting. We will rue the day if that should pass.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. FOSSELLA).

Mr. FOSSELLA. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding this time to me, and let me say I think what I believe at least is we should all accept what the common bond is here, and I think every Member of this body, Republican, Democrat, Independent, are committed to improving education for all American schoolchildren.

But I think where the differences are is how best to improve education. Do we want to raise academic standards? Do we want to provide flexibility to the local communities? Do we want to ensure that the best and brightest teachers get rewarded with merit pay? Do we want to ensure that the teachers in the classrooms are the best for our children? I think this bill does all that and more, and when we talk about things like local control, let me state a fact that I believe to be true.

I do not know what is best for the schoolchildren in Santa Clara, California, but I think we can work with the teachers and parents and administrators in Staten Island and Brooklyn where I live to determine what is best, whether it is reading and math skills, whether they need improvement, or smaller class sizes, or special education.

I think when we bring control back to our local communities, whether it is Staten Island, Brooklyn, or all across the country, the average and ordinary common sense American will tell us, give us the ability to control what is best for our children and our local schools, and they will say that is the right way to go.

And again, whether it is reducing class size or merit pay or increasing standards in math and reading and writing, this is the right approach. I urge adoption of the final passage. It is right for education, it is right for the children who are going to school every single day, and it is the right message to send to the teachers of America that we are with them and we want them to see nothing but the best for themselves and the kids in their classrooms.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I rise in support of H.R. 1995, the Teacher Empowerment Act, which provides States and local school districts with the support and flexibility to improve the quality of teacher force and to reduce class size.

Now what we see here is an important educational, philosophical debate at stake. Do we trust parents, teachers, local school board members to reform education, to address the needs of our children in our schools and our unique communities, or do we want to continue to go down the road of having Washington fix these problems, having a Washington that knows the best solution?

Now there is an area that I have particular concern about which is in disabilities education. The IDEA, Individuals with Disabilities Education Act, is a good act. We need to provide disability education for our children. However, the Federal Government imposes an unfunded mandate on our local school districts, as do most State governments. In Wisconsin we have a revenue-cap State, so every amount of unfunded mandate that comes from Washington on our local school districts comes right out of a local school district budget.

I have met with so many district administrators, school board members, parents and teachers in the first district of Wisconsin, and they tell me, Give us regulatory relief, fund your unfunded mandates, give us local control. We know what works; we need to find solutions for our schools.

Mr. Chairman, this bill goes so far down that road of freeing up the genius within our local school districts, getting those who are on the front line of the fight to improve our schools by getting teachers, parents, school boards, and administrators involved in fixing quality teacher improvement and teacher education.

It also helps us hire special-education teachers to get at that unfunded disability education mandate which is crippling so many local school districts. By giving them the money they can use to hire those special education teachers, they can help cover that unfunded mandate, because in Janesville, Wisconsin, we promised the Federal Government we would fund 40 percent of disabilities education, but we are only funding 7 percent.

This goes a long ways toward covering unfunded Federal mandates. A vote for the Martinez substitute is a vote for Washington knows best, one-size-fits-all. A vote for final passage is a vote to let local control rule.

Mr. CLAY. Mr. Chairman, I yield the balance of my time to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Chairman, I thank my friend, the ranking member, for yielding this time to me.

I rise in joining with the spokesman for the Parent Teachers Association of America, the organizations of teachers throughout America, and the organization of school board leaders throughout America in opposing the bill that is before us.

The bill that is before us makes seductive claims but fails to deliver on them when we read the bill. There is probably no one in this body that would not want to vote for legislation that provides a significant source of funding for local school decision-makers to do good things to improve public education in their communities. That is a very seductive claim, but, Mr. Chairman, read the bill, because that is not what the bill accomplishes.

Support for this bill rests on two claims. The first is, as one of my friends on the other side said, we can have our cake and eat it too. With all due respect, I think his claim is more like Marie Antoinette. It is let them eat cake, because this bill does not say that any significant amount will be guaranteed for class size reduction. It says a portion of the funds will be dedicated to class size reduction. One percent, that qualifies. Five percent, that qualifies. How large the portion is is not spelled out in this legislation.

They also make the seductive claim that this will improve teacher quality, and we are all for that; and they talk about reducing the power of bureaucrats, and we are all for that. But, Mr. Chairman, there is some bureaucrats in State education departments too, and there are some bureaucrats in local school districts too, and when they get ahold of the language that is in this bill, there is the chance for them to drive a truck through the loophole.

This bill says that they can use the money to establish programs that recruit professionals from other fields and provide such professionals with alternative routes to teacher certification. I assume they can hire a headhunting firm under a consulting contract to hire new teachers. This bill says they can use the money to create innovative professional development programs including programs that train teachers to utilize technology. I guess that means they can hire 5 or 10 new administrators that could design a program to teach technology and attend conferences.

It says they can use the money for development and utilization of proven cost-effective strategies for the delivery of professional development activities such as technology. I guess that means if the board of education wanted to attend a conference at Disney World to learn about technology, they could use Federal money to do so.

We are celebrating the 30th anniversary of man's landing on the Moon from the Nixon administration. This bill reminds me of the Nixon administration. It is revenue sharing for public education. It is wrong, and it should be defeated.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first of all, let me say that lowering class size is a bipartisan issue. We feel just as strongly on either side that that comes about third. Parents first, and then a qualified teacher in the classroom, and then class size. What is the difference whether there are 19 or 20 or 21 or 22, if as a matter of fact there is no quality in front of that classroom?

So reducing class size, of course, is a bipartisan effort.

We discovered in California they could not do it; they could not put quality in the classroom, and that is a tragedy because now we have reduced the class size, but what we have given them instead of the teacher they had who had some quality to provide education to 20, 21, 22, 23 children, they now have someone providing anything but quality.

So, Mr. Chairman, we have heard over and over again on both sides of

the aisle, what have we gotten for $120 billion in Title I? The way it has been phrased each time I have heard it is, what have the taxpayers gotten for $120 billion in Title I? I always change that by saying: What did the child get? Because that is the important issue. Both are important issues, but the child is very important.

So, as we reauthorize for the first time in the history of these programs, we are looking to see what did the children get for the taxpayers' dollars that were spent. And then we hear people say: Well, what did the taxpayer get for $177 billion spent on the Elementary Secondary Education Act? I again say: What did the children get?

And we are looking at every issue making sure that the children are number one, and we want to make sure that they are quality programs; and in order to do that there has to be a quality teacher in the classroom.

□ 1445

We give them that opportunity.

Mr. Speaker, we just read where they are laying off, firing, 250 teachers in Baltimore City. They say they want to get excellence, and so they are firing them. One of my major concerns is, and I went through this when the baby boomers came and the teachers I had to employ were not those that I would have liked to have employed, but they probably could have taken some of this money and at least taken 100 of those teachers that they are going to fire and made them far better classroom teachers than they are ever going to get if they go out now and try to replace them.

So I would ask everyone to support the legislation after I offer the manager's amendment.

Mr. GARY MILLER of California. Mr. Chairman, I rise today in support of H.R. 1995.

I would like to thank Chairman GOODLING, Representative BUCK MCKEON and the other members of the House Education and Workforce Committee who worked very hard on this wonderful piece of legislation.

I am please that the language from my H.Res. 153 was included in the Manager's Amendment. The Resolution expresses the sense of the Congress that Federal funding for elementary and secondary teacher training be used first for science scholarships for elementary and secondary teachers.

As noted recently by Federal Reserve Chairman Alan Greenspan, the growth of our national economy is driven by continuous technical innovation. In order to sustain this trend, we must promote the ability of our students especially in the subjects of math and science.

Unfortunately, the lack of academic foundation is profound among high school mathematics and science teachers. More that 30 percent do not even have a college minor in math or science. Many elementary school teachers admit that they feel uncomfortable teaching science due to the lack of knowledge and understanding of scientific concepts.

Without confidence in the subject, or the depth of knowledge necessary to explain new concepts well and answer students' questions, it is not surprising that teachers are having difficulty igniting students' interest in math and science.

It is also not surprising that a large percentage of good teachers are becoming frustrated and leaving the teaching profession.

The Teacher Empowerment Act will solve this problem.

This bill sends money directly to states and localities, allowing them the flexibility to spend the money on what they need most—additional, and better trained, teachers.

H.R. 1995 focuses on the need for improved math and science education and promotes the professional development of all teachers.

The bill allows teachers (especially ones who teach math and science) to choose from among high quality professional development programs in cases where school districts fail to provide such training.

All of the professional development programs must demonstrate that (1) they increase teacher knowledge and (2) improve student academic achievement. This ensures that the programs teachers, and the students are held to high standards.

I urge my colleagues to vote in favor of H.R. 1995. It is our duty to equip our children with the education and technological skills needed to compete successfully in the new global economy.

Mr. PAUL. Mr. Chairman, I rise reluctantly to express my opposition to the Teacher Empowerment Act (H.R. 1995). Although H.R. 1995 does provide more flexibility to states than the current system or the Administration's proposal, it comes at the expense of increasing federal spending on education. The Congressional Budget Office (CBO) estimates that if Congress appropriates the full amount authorized in the bill, additional outlays would be $83 million in Fiscal Year 2000 and $6.9 billion over five years.

H.R. 1995 is not entirely without merit. The most important feature of the bill is the provision forbidding the use of federal funds for mandatory national teacher testing or teacher certification. National teacher testing or national teacher certification will inevitably lead to a national curriculum. National teacher certification will allow the federal government to determine what would-be teachers need to know in order to practice their chosen profession. Teacher education will revolve around preparing teachers to pass the national test or to receive a national certificate. New teachers will then base their lesson plans on what they needed to know in order to receive their Education Department-approved teaching certificate. Therefore, all those who oppose a national curriculum should oppose national teacher testing. I commend Chairman GOODLING and Chairman MCKEON for their continued commitment to fighting a national curriculum.

Furthermore, this bill provides increased ability for state and local governments to determine how best to use federal funds. However, no one should confuse this with true federalism or even a repudiation of the modern view of state and local governments as administrative agencies of the Federal Government. After all, the very existence of a federal program designed to "help" states train teachers limits a state's ability to set education priorities since every dollar taken in federal taxes to fund federal teacher training programs is a dollar a state cannot use to purchase new textbooks or computers for students. This bill also dictates how much money the states may keep versus how much must be sent to the local level and limits the state government's use of the funds to activities approved by Congress.

In order to receive any funds under this act, states must further entrench the federal bureaucracy by applying to the Department of Education and describing how local school districts will use the funds in accordance with federal mandates. They must grovel for funds while describing how they will measure student achievement and teacher quality; how they will coordinate professional development activities with other programs; and how they will encourage the development of "proven, innovative strategies" to improve professional development—I wonder how much funding a state would receive if their "innovative strategy" did not meet the approval of the Education Department! I have no doubt that state governments, local school districts, and individual citizens could design a less burdensome procedure to support teacher quality initiatives if the federal government would only abide by its constitutional limits.

Use of the funds by local school districts is also limited by the federal government. For example, local schools districts must use a portion of each grant to reduce class size, unless it can demonstrate to the satisfaction of the state that it needs the money to fund other priorities. This provision illustrates how this bill offends not just constitutional procedure but also sound education practice. After all, the needs of a given school system are best determined by the parents, administrators, community leaders, and, yes, teachers, closest to the students—not by state or federal bureaucrats. Yet this bill continues to allow distant bureaucrats to oversee the decisions of local education officials.

Furthermore, this bill requires localities to use a certain percentage of their funds to meet the professional development needs of math and science teachers. As an OB–GYN, I certainly understand the need for quality math and science teachers, however, for Congress to require local education agencies to devote a disproportionate share of resources to one particular group of teachers is a form of central planning—directing resources into those areas valued by the central planners, regardless of the diverse needs of the people. Not every school district in the country has the same demand for math and science teachers. There may be some local school districts that want to devote more resources to English teachers or foreign language instructors. Some local schools districts may even want to devote their resources to provide quality history and civics teachers so they will not produce another generation of constitutionally-illiterate politicians!

In order to receive funding under this bill, states must provide certain guarantees that

the state's use of the money will result in improvement in the quality of the state's education system. Requiring such guarantees assumes that the proper role for the Federal Government is to act as overseer of the states and localities to ensure they provide children with a quality education. There are several flaws in this assumption. First of all, the 10th amendment to the United States Constitution prohibits the Federal Government from exercising any control over education. Thus, the Federal Government has no legitimate authority to take money from the American people and use that money in order to bribe states to adopt certain programs that Congress and the federal bureaucracy believes will improve education. The prohibition in the 10th amendment is absolute; it makes no exception for federal education programs that ''allow the states flexibility!''

In addition to violating the Constitution, making states accountable in any way to the federal government for school performance is counter-productive. The quality of American education has declined as Federal control has increased, and for a very good reason. As mentioned above, decentralized education systems are much more effective then centralized education systems. Therefore, the best way to ensure a quality education system is through dismantling the Washington-DC-based bureaucracy and making schools more accountable to parents and students.

In order to put the American people back in charge of education, I have introduced the Family Education Freedom Act (H.R. 935) which provides parents with a $3,000 tax credit for K–12 education expenses and the Education Improvement Tax Cut Act (H.R. 936), which provides all citizens with a $3,000 tax credit for contributions to K–12 scholarships and for cash or in-kind donations to schools. I have also introduced the Teacher Tax Cut Act, which encourages good people to enter and remain in the teaching profession by providing teachers with a $1,000 tax credit. By returning control of the education dollar to parents and concerned citizens, my education package does more to improve education quality than any other proposal in Congress.

Mr. Chairman, the Teacher Empowerment Act not only continues the federal control of education in violation of the Constitution and sound education principles, but it does so at increased spending levels. I, therefore, urge my colleagues to reject the approach of this bill and instead join me in working to eliminate the federal education bureaucracy, cut taxes, and thus return control over education to America's parents, teachers, and students.

Mr. WEYGAND. Mr. Chairman, I have several concerns about the Teacher Empowerment Act, most notably the manner in which funds may be diverted from class size reduction programs. I also have concerns that the bill does not permit the use of funds to help the development of other education professionals, including school counselors. Having witnesses the recent spate of violence in our schools, Congress must recognize the necessity for the continued development of these professionals and I am disappointed this legislation does not address this need.

I am mostly concerned, however, with what is not included in this legislation—professional development for our early childhood educators. I agree that we need to continue addressing the professional development needs of our elementary and secondary school teachers. I believe, however, that we also need to focus a great deal of our attention on the ever increasing needs of our child care workforce.

We have all seen the studies which illustrate the need to promote healthy development of the brain in the earliest of years—from zero to six. Researchers at the University of Chicago have demonstrated that a child's intelligence develops equally as much during the first four years of his or her life as it does between the ages of four and eighteen.

In order to ensure quality in child care in these crucial early years, we need dedicated and well-educated child care workers. Unfortunately, the field has historically had a significant problem attracting and retaining these quality workers. Nationally, child care teaching staffs earn an average of $6.89 per hour or $12,058 per year, only 18 percent of child care centers offer fully paid health coverage for teaching staff and one-third of all child care teachers leave their centers each year. According to the Center for the Child Care Workforce, preschool teachers in my state of Rhode Island earn a little over $10 per hour and child care workers earn approximately $7.25 per hour. Professional child care employees care for our nation's most precious resource—our children. Yet, in many instances, child care workers earn little and have one of the highest turnover rates of any profession.

I have introduced legislation, the Child Care Worker Incentive Act, which seeks to improve the quality and compensation of our early childhood education professionals through the use of scholarships. This legislation, included in the Democratic Child Care package, is modeled after a successful program begun in North Carolina and replicated in several other states. I firmly believe that we can improve the quality of early childhood education with scholarships and increased educational opportunities for our children's early childhood education professionals.

When casting your vote today, I ask you to keep in mind the work we must still do to increase quality education for all of our children.

Mr. SALMON. Mr. Chairman, I rise today in support of H.R. 1995, the Teacher Empowerment Act. By combining and streamlining existing federal education programs, this legislation will provide states and localities with the flexibility they need to improve our children's education. I was pleased to be able to include in the manager's amendment, with the gracious support of Chairman GOODLING and Mr. MCKEON, a provision that will allow states to use federal money to conduct background checks on teachers.

Cases of teachers who rape, molest, and even murder their students have been occurring with frightening regularity. Even more frightening is the fact that many of these predators who find their way into our children's classrooms are previously convicted sex offenders. They are able to conceal their criminal records because some schools cannot afford to pay for a background check on every prospective teacher. As a result, thousands of children every day, in schools across America, enter the classroom with no protection. My provision simply would allow schools to use federal money to conduct background checks to insure that criminals who target children are not allowed into the classroom.

Teachers are some of our most revered role models. We entrust them with the greatest responsibility; to care for our children when we are gone. Not only do they teach our children to read, write and do arithmetic, but they shape and influence the attitudes and values our children carry into adulthood. When that trust is violated, innocent children and families pay the price.

Obviously, the overwhelming majority of teachers are caring, law-abiding citizens. Nevertheless, we should spare no expense to insure that every child who enters the classroom is protected from those who prey upon the innocence of youth.

Mr. EVERETT. Mr. Chairman, as we begin examining education initiatives to reauthorize the Elementary and Secondary Education Act of 1965, there are a few things to consider: How can we best help our local schools? What legislation will give local schools the most flexibility to improve education? What programs will authorize local schools to make important decisions that will effect their future?

The Teacher Empowerment Act (H.R. 1995) is designed to improve teacher quality and reduce class size by giving local school systems the management authority to make the necessary improvements. The bill gives local education agencies the freedom to decide which programs will help them achieve the best results.

Teachers are charged with the responsibility of making sure that our children are prepared for the future. How can we expect them to instruct our children if they are not knowledgeable themselves? Beyond blanket certification testing, this bill gives teachers the funds to actually continue their own learning. As we enter the 21st century, educators will continue to face constant challenges. Technology will change, and teachers must be able to maintain their proficiency and keep up a high level of instruction quality.

Beyond professional development, the bill also authorizes local school districts to reduce class size. It is impossible and impractical for us, here in Washington, to mandate exactly how these goals will be attained. One school may already have enough funds for teacher training, while another may not need to reduce class size. Each school district varies according to need, and by authorizing funds to be used at the discretion of the school districts, we will provide more meaningful improvements.

Mr. Chairman, I'm a firm believer that local schools should be afforded the flexibility to use federal funds to address their most pressing needs. This bill would provide general guidelines to achieve similar goals, but it would still allow local schools to decide exactly where to place the most emphasis to achieve superior education results for our children.

Mr. DINGELL. Mr. Chairman, the United States has long been proud of its public schools. Our schools, locally supported and run, have increased our country's prosperity, raised our quality of life, and been the source of tremendous community pride. Supporting

our public schools has been, and always must be, a duty we perform in full.

Our public schools face a variety of problems today that make it difficult for them to perform their mission of providing a world-class education to all children, regardless of race, gender, religion, or economic status. The people of our country, from coast to coast, realize that we must invest in public schools now. At this time, with our schools crowded, outdated, understaffed, and underfunded, we must pull together to provide educators the tools they need to guarantee that our country's future will be bright.

My colleagues on both sides of the aisle are well aware of the seriousness of the problems faced by our schools. We are concerned about soaring student enrollment, the shortage of qualified teachers, and acute school construction needs. In Dearborn, Michigan, and in other school districts in my district, students must learn in temporary classrooms. These cheaply constructed buildings, often just trailers, are hardly long-term solutions to crowded classrooms. While many schools lack enough classrooms, many others have insufficient roofing, heating, and plumbing.

As public schools—where 90% of our nation's children are enrolled—face these daunting challenges, politicians have rushed to reform education. Reform is needed, but hastily passed and poorly written legislation fails to provide accountability or guarantee positive results. We must not, for reform's sake, endorse education measures offering vague objectives. Doing so is gambling with our future.

Remember what a great idea charter schools were? They were going to save schools here in DC, in Michigan, and everywhere. Have charter schools proven their worth? The answer is a loud NO. Studies in Michigan have shown little, if any, educational benefit. At the same time, they have sucked public monies from public schools that desperately need additional funding. Today's Washington Post chronicles the mismanagement and poor achievements of one of the District's charter schools; this school—opened in 1996 without accountability—robbed taxpayers of their money and jeopardized the future of many young people.

Today we debate the Teacher Empowerment Act. This bill promises more local control, increased support for teachers, and class-size reduction, but does none of these things. It offers only vague accountability. It does not address class-size reduction. While giving more power to state governments, it does not give more control to local schools. Nor does this bill provide ongoing professional development.

Ideally, giving states education block grants with no strings attached would allow education-friendly governors to work with educators to meet the challenges of today and tomorrow, and improve our schools. We do not live in an ideal world. Many governors, by their words and deeds, are not friends of public schools. They have used teachers and schools alike as punching bags to further their own political agenda. More seriously, they have implemented education policies that abandon public schools by subsidizing private schools with public tax dollars. I am opposed to giving these ''reform-minded'' governors more control.

Mr. Chairman, despite the good intentions of my colleagues on the other side of the aisle, this bill will not solve the many problems public schools face. These problems demand answers far and beyond block grants and waivers to rules in quality federal education programs. I am hopeful that we can all work together, write quality legislation, help our schools, and protect our nation's future.

Mr. PETRI. Mr. Chairman, I rise in strong support of H.R. 1995, the Teacher Empowerment Act. By combining several current Federal education programs, including Goals 2000, the President's ''100,000 New Teachers'' program and the Eisenhower Professional Development program, this initiative will provide States and localities with the support and flexibility they need to provide quality training for teachers and reduce class size.

Recently, the Clinton Administration unveiled its proposal to improve teacher quality and student achievement. Not surprisingly, the Administration wants to impose a ''one-size-fits-all'' approach to education by mandating that schools use $1.2 billion of the funds under the Teacher Empowerment Act to reduce class size.

Its proposal goes even further by mandating that local schools use their own funds to reduce class size to 18 or less in the early grades. H.R. 1995 provides an alternative.

It allows schools both to improve teacher quality and reduce class size—but unlike the President's proposal, it allows school districts to determine the correct balance between these two strategies.

The Teacher Empowerment Act gives States and localities flexibility to focus on initiatives they believe will improve both teacher quality and student performance, such as programs to promote tenure reform, teacher testing, merit-based teacher performance systems, alternative routes to teacher certification, differential and bonus pay for teachers in ''high need'' subject areas, mentoring, and in-service teacher academies.

Furthermore, it holds them accountable to parents and taxpayers for demonstrating results measured in improved student performance and higher quality teachers.

The President's current ''100,000 New Teachers Program'' lacks any requirement that schools reducing their class size demonstrate that such reduction is in fact improving student achievement.

The accountability provisions in the TEA legislation help to end more than 30 years of funding Federal professional development programs without any accountability for how they help students learn. It brings into focus the purpose of the federal investment in teachers and professional development—helping children reach their fullest potential.

The TEA bill ensures that states and school districts receiving these funds use effective ways of raising teacher quality that improve student performance and narrow the achievement gap between high and low performing students.

H.R. 1995 is a well-balanced piece of legislation that allows States and local school districts to use funds to meet their individual professional needs. I urge my colleagues to support this legislation.

Mr. SANDLIN. Mr. Chairman, I rise today in opposition to H.R. 1995, the so-called Teacher Empowerment Act, and in support of the Martinez substitute. In its current form, this legislation does not empower teachers. Instead, it pits valuable programs—class size reduction, Goals 2000, and other professional development programs—against each other.

Teacher quality and professional development are among the most important things we can provide our teachers to ensure they are able to properly do their jobs. We entrust teachers with our most important resource—our children. We should be doing everything within our power to give them the tools they need to do their jobs. Instead, H.R. 1995 would force schools to choose between reducing class size and providing high quality professional development.

The class size reduction program we enacted just last year was an important step in the right direction. One of the biggest problems facing our schools is overcrowded classrooms. In many of our classrooms, there are 35 students for every teacher. Unfortunately, H.R. 1995 would threaten the future of last year's effort by allowing funds to be diverted to other uses without requiring that our class sizes be reduced.

In my home state of Texas, class-size limits were enacted in the mid-1980s. Those limits have clearly shown that reducing class size improves student achievement as teachers are better able to deal with individual students' needs. Because of the Texas experience, I know how important it is to reduce class size. We should expand upon the program we initiated in the last Congress, not dilute it.

The Martinez substitute does expand that program. It authorizes $1 billion more than H.R. 1995 for teacher recruitment and training, and $500 million more for training special education teachers. It does not pit important programs against one another.

Mr. Chairman, let's finish what we started. Support the Martinez substitute.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill is considered as an original bill for the purpose of amendment and is considered read.

The text of H.R. 1995 is as follows:

H.R. 1995

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 ''Teacher Empowerment Act''.

SEC. 2. TEACHER EMPOWERMENT.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by striking the heading for title II and inserting the following:

''TITLE II—TEACHER QUALITY'';

(2) by repealing sections 2001 through 2003; and

(3) by amending part A to read as follows:

''PART A—TEACHER EMPOWERMENT

''SEC. 2001. PURPOSE.

''The purpose of this part is to provide grants to States and local educational agencies in order to assist their efforts to increase student academic achievement through such strategies as improving teacher quality.

"Subpart 1—Grants to States

"SEC. 2011. FORMULA GRANTS TO STATES.

''(a) IN GENERAL.—In the case of each State that in accordance with section 2013 submits to the Secretary an application for a fiscal year, the Secretary shall make a grant for the year to the State for the uses specified in section 2012. The grant shall consist of the allotment determined for the State under subsection (b).

''(b) DETERMINATION OF AMOUNT OF ALLOTMENT.—

''(1) RESERVATION OF FUNDS.—From the amount made available to carry out this subpart for any fiscal year, the Secretary shall reserve—

''(A) ½ of 1 percent for allotments for the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, to be distributed among these outlying areas on the basis of their relative need, as determined by the Secretary in accordance with the purpose of this part; and

''(B) ½ of 1 percent for the Secretary of the Interior for programs under this part for professional development activities for teachers, other staff, and administrators in schools operated or funded by the Bureau of Indian Affairs.

''(2) STATE ALLOTMENTS.—

''(A) HOLD HARMLESS.—

''(i) IN GENERAL.—Subject to subparagraph (B), from the total amount made available to carry out this subpart for any fiscal year and not reserved under paragraph (1), the Secretary shall allot to each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico an amount equal to the total amount that such State received for fiscal year 1999 under—

''(I) section 2202(b) of this Act (as in effect on the day before the date of the enactment of the Teacher Empowerment Act);

''(II) section 307 of the Department of Education Appropriations Act, 1999; and

''(III) section 304(b) of the Goals 2000: Educate America Act.

''(ii) RATABLE REDUCTION.—If the total amount made available to carry out this subpart for any fiscal year and not reserved under paragraph (1) is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for any fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

''(B) ALLOTMENT OF ADDITIONAL FUNDS.—

''(i) IN GENERAL.—Subject to clause (ii), for any fiscal year for which the total amount made available to carry out this subpart and not reserved under paragraph (1) exceeds the total amount made available to the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico for fiscal year 1999 under the authorities described in subparagraph (A)(i), the Secretary shall allot such excess amount as follows:

''(I) 50 percent of such excess amount shall be allotted among such States on the basis of their relative populations of individuals aged 5 through 17, as determined by the Secretary on the basis of the most recent satisfactory data.

''(II) 50 percent of such excess amount shall be allotted among such States in proportion to the number of children, aged 5 to 17, who reside within the State from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available, compared to the number of such individuals who reside in all such States for that fiscal year.

''(ii) EXCEPTION.—No State receiving an allotment under clause (i) may receive less than ½ of 1 percent of the total excess amount allotted under clause (i).

''(3) REALLOTMENT.—If any State does not apply for an allotment under this subsection for any fiscal year, the Secretary shall reallot such amount to the remaining States in accordance with this subsection.

"SEC. 2012. WITHIN-STATE ALLOCATIONS.

''(a) USE OF FUNDS.—Each State receiving a grant under this subpart shall use the funds provided under the grant in accordance with this section to carry out activities for the improvement of teaching and learning.

''(b) REQUIRED AND AUTHORIZED EXPENDITURES.—

''(1) REQUIRED EXPENDITURES.—The Secretary may make a grant to a State under this subpart only if the State agrees to expend at least—

''(A) 95 percent of the amount of the funds provided under the grant for the purpose of making subgrants to local educational agencies under subpart 3; and

''(B) 2 percent of the amount of the funds provided under the grant for the purpose of making subgrants to eligible partnerships under subpart 2 (of which percent, up to 5 percent may be used for planning and administration related to carrying out such purpose).

''(2) AUTHORIZED EXPENDITURES.—A State that receives a grant under this subpart may expend not more than 3 percent of the amount of the funds provided under the grant for one or more of the authorized State activities described in subsection (d) (of which percent, the State may use up to 5 percent for planning and administration related to carrying out such activities and making subgrants to local educational agencies under subpart 3).

''(c) DISTRIBUTION OF SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.—

''(1) FORMULA FOR 80 PERCENT OF FUNDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a State receiving a grant under this subpart shall distribute 80 percent of the amount described in subsection (b)(1)(A) through a formula under which—

''(i) 50 percent is allocated to local educational agencies in accordance with the relative enrollment in public and private nonprofit elementary and secondary schools within the boundaries of such agencies; and

''(ii) 50 percent is allocated to local educational agencies in proportion to the number of children, aged 5 to 17, who reside within the geographic area served by such agency from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available, compared to the number of such individuals who reside in the geographic areas served by all the local educational agencies in the State for that fiscal year.

''(B) ALTERNATIVE FORMULA.—A State may increase the percentage described in subparagraph (A)(ii) (and commensurately decrease the percentage described in subparagraph (A)(i)).

''(2) DISTRIBUTION OF 20 PERCENT OF FUNDS.—

''(A) COMPETITIVE PROCESS.—A State receiving a grant under this subpart shall distribute 20 percent of the amount described in subsection (b)(1)(A) through a competitive process that results in an equitable distribution by geographic area within the State.

''(B) PARTICIPANTS.—The competitive process under subparagraph (A) shall be open to local educational agencies and eligible partnerships (as defined in section 2021(d)), except that a State shall give priority to high-need local educational agencies that focus on math, science, or reading professional development programs.

''(d) AUTHORIZED STATE ACTIVITIES.—The authorized State activities referred to in subsection (b)(2) are the following:

''(1) Reforming teacher certification, recertification, or licensure requirements to ensure that—

''(A) teachers have the necessary teaching skills and academic content knowledge in the subject areas in which they are assigned to teach;

''(B) they are aligned with the State's challenging State content standards; and

''(C) teachers have the knowledge and skills necessary to help students meet challenging State student performance standards.

''(2) Carrying out programs that—

''(A) include support during the initial teaching experience; and

''(B) establish, expand, or improve alternative routes to State certification of teachers for highly qualified individuals with a baccalaureate degree, including mid-career professionals from other occupations, paraprofessionals, former military personnel, and recent college or university graduates with records of academic distinction who demonstrate the potential to become highly effective teachers.

''(3) Developing and implementing effective mechanisms to assist local educational agencies and schools in effectively recruiting and retaining highly qualified and effective teachers and principals.

''(4) Reforming tenure systems and implementing teacher testing and other procedures to expeditiously remove incompetent and ineffective teachers from the classroom.

''(5) Developing enhanced performance systems to measure the effectiveness of specific professional development programs and strategies.

''(6) Providing technical assistance to local educational agencies consistent with this part.

''(7) Funding projects to promote reciprocity of teacher certification or licensure between or among States, except that no reciprocity agreement developed under this paragraph or developed using funds provided under this part may lead to the weakening of any State teaching certification or licensing requirement.

''(8) Developing or assisting local educational agencies or eligible partnerships (as defined in section 2021(d)) in the development and utilization of proven, innovative strategies to deliver intensive professional development programs that are both cost-effective and easily accessible, such as through the use of technology and distance learning.

''(e) COORDINATION.—States receiving grants under section 202 of the Higher Education Act of 1965 shall coordinate the use of such funds with activities carried out under this section.

''(f) PUBLIC ACCOUNTABILITY.—

''(1) IN GENERAL.—A State that receives a grant under this subpart—

''(A) in the event the State provides public State report cards on education, shall include in such report cards—

''(i) the percentage of classes in core academic subject areas that are taught by out-of-field teachers;

''(ii) the percentage of classes in core academic subject areas that are taught by teachers teaching under emergency or other provisional status through which State qualifications or licensing criteria have been waived; and

''(iii) the average statewide class size; or

''(B) in the event the State provides no such report card, shall disseminate to the public the information described in clauses (i) and (ii) of subparagraph (A) through other means.

''(2) PUBLIC AVAILABILITY.—Such information shall be made widely available to the public, including parents and students, through major print and broadcast media outlets throughout the State.

"SEC. 2013. APPLICATIONS BY STATES.

''(a) IN GENERAL.—To be eligible to receive a grant under this subpart, a State shall submit

an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

''(b) CONTENTS.—Each application under this section shall include the following:

''(1) A description of how the State will ensure that a local educational agency receiving a subgrant under subpart 3 will comply with the requirements of such subpart, including the required use of funds for mathematics and science programs, professional development, and hiring teachers to reduce class size.

''(2) A description of the specific performance indicators the State will use (including an identification of how such performance indicators will be measured and reported) for each local educational agency to measure the annual progress of activities funded under subpart 3 in increasing—

''(A) student academic achievement; and

''(B) teacher quality, as demonstrated through a reduction in the number of out-of-field teachers in the classroom.

''(3) A description of the bonus incentives, if any, that will be provided to local educational agencies that exceed a level of improvement established by the State based on such performance indicators, and actions the State will take in the event a local educational agency fails to meet or make progress toward such level of improvement.

''(4) A description of how the State will coordinate professional development activities authorized under this part with professional development activities provided under other Federal, State, and local programs, including those authorized under title I, title III, title IV, part A of title VII, and (where applicable) the Individuals with Disabilities Education Act and the Carl D. Perkins Vocational and Technical Education Act. The application shall also describe the comprehensive strategy that the State will take as part of such coordination effort, to ensure that teachers are trained in the utilization of technology so that technology and its applications are effectively used in the classroom to improve teaching and learning in all curriculum and content areas, as appropriate.

''(5) A description of how the State will encourage the development of proven, innovative strategies to deliver intensive professional development programs that are both cost-effective and easily accessible, such as through the use of technology and distance learning.

''(c) APPLICATION SUBMISSION.—A State application submitted to the Secretary under this section shall be approved by the Secretary unless the Secretary makes a written determination, within 90 days after receiving the application, that the application is in violation of the provisions of this Act.

"Subpart 2—Subgrants to Eligible Partnerships

"SEC. 2021. PARTNERSHIP GRANTS.

''(a) IN GENERAL.—From the amount described in section 2012(b)(1)(B), the State agency for higher education, working in conjunction with the State educational agency (if such agencies are separate), shall award grants on a competitive basis to eligible partnerships to enable such partnerships to carry out activities described in subsection (b). Such grants shall be equitably distributed by geographic area within the State.

''(b) USE OF FUNDS.—A recipient of funds under this section shall use the funds for—

''(1) professional development activities in core academic subjects to ensure that teachers have content knowledge in the subjects they teach; and

''(2) developing and providing assistance to local educational agencies and the teachers, principals, and administrators, of public and private schools in each such agency, for sustained, high-quality professional development activities which—

''(A) ensure they are able to use State content standards, performance standards, and assessments to improve instructional practices and improve student achievement; and

''(B) may include intensive programs designed to prepare teachers who will return to their school to provide such instruction to other teachers within such school.

''(c) SPECIAL RULE.—No single participant in an eligible partnership may retain more than 50 percent of the funds made available to the partnership under this section.

''(d) ELIGIBLE PARTNERSHIPS.—As used in this section, the term 'eligible partnerships' means an entity that—

''(1) shall include—

''(A) a high-need local educational agency;

''(B) a school of arts and sciences; and

''(C) an institution that prepares teachers; and

''(2) may include other local educational agencies, a public charter school, a public or private elementary or secondary school, an educational service agency, a public or private nonprofit educational organization, or a business.

''(e) COORDINATION.—Partnerships receiving grants under section 203 of the Higher Education Act of 1965 shall coordinate the use of such funds with any related activities carried out by such partnership with funds made available under this section.

"Subpart 3—Subgrants to Local Educational Agencies

"SEC. 2031. LOCAL USE OF FUNDS.

''(a) REQUIRED ACTIVITIES.—

''(1) IN GENERAL.—Each local educational agency that receives a subgrant under this subpart shall use the subgrant to carry out the activities described in this subsection.

''(2) MATHEMATICS AND SCIENCE.—

''(A) IN GENERAL.—Of the amount made available to each local educational agency under this subpart for a fiscal year, the agency shall use not less than the amount provided to the agency under section 2206(b) of this Act (as in effect on the day before the date of the enactment of the Teacher Empowerment Act) for the fiscal year preceding such enactment for professional development activities in mathematics and science in accordance with section 2033.

''(B) WAIVER.—

''(i) APPLICATION.—A local educational agency, in consultation with teachers and principals, may seek a waiver of the requirement in subparagraph (A) from a State in order to allow the local educational agency to use such funds for professional development in academic subjects other than mathematics and science.

''(ii) STANDARD FOR GRANTING.—A State may not approve such a waiver unless the local educational agency is able to demonstrate that—

''(I) the professional development needs of mathematics and science teachers, including elementary teachers responsible for teaching mathematics and science, have been adequately served and will continue to be adequately served if the waiver is approved;

''(II) State assessments in mathematics and science demonstrate that each school within the local educational agency has made and will continue to make progress toward meeting the challenging State or local content standards and student performance standards in these areas; and

''(III) State assessments in other academic subjects demonstrate a need to focus on subjects other than mathematics and science.

''(iii) GRANDFATHER OF OLD WAIVERS.—A waiver provided to a local educational agency under part D of title XIV prior to the date of the enactment of the Teacher Empowerment Act shall be deemed effective until such time as it otherwise would have ceased to be effective.

''(3) PROFESSIONAL DEVELOPMENT ACTIVITIES.—Each local educational agency that receives a subgrant under this subpart shall use a portion of such funds for professional development activities that give teachers, principals, and administrators the knowledge and skills to provide students with the opportunity to meet challenging State or local content standards and student performance standards. Such activities shall be consistent with sections 2033 and 2034.

''(4) HIRING AND RETAINING WELL-QUALIFIED AND EFFECTIVE TEACHERS.—

''(A) IN GENERAL.—Each local educational agency that receives a subgrant under this subpart shall use a portion of such funds for recruiting, hiring, and training certified teachers, including teachers certified through State and local alternative routes, in order to reduce class size.

''(B) SPECIAL RULE FOR SPECIAL EDUCATION TEACHERS.—Notwithstanding subparagraph (A), a local educational agency may use some or all of the funds described in such subparagraph to hire special education teachers regardless of whether such action reduces class size.

''(C) WAIVER.—

''(i) APPLICATION.—A local educational agency may seek a waiver of the requirement in subparagraph (A) from a State in order to allow the local educational agency to use such funds for purposes other than hiring teachers in order to reduce class size.

''(ii) STANDARD FOR GRANTING.—A State may not approve such a waiver unless the local educational agency is able to demonstrate that—

''(I) such funds will be used to ensure that all instructional staff have the subject matter knowledge, teaching knowledge, and teaching skills necessary to teach effectively in the content area or areas in which they provide instruction; or

''(II) an initiative to reduce class size would result in having to rely on underqualified teachers, inadequate classroom space, or would have any other negative consequence affecting the efforts of the local educational agency to improve student academic achievement.

''(b) ALLOWABLE ACTIVITIES.—Each local educational agency that receives a subgrant under this subpart may use the subgrant to carry out the following activities:

''(1) Initiatives to assist recruitment of highly qualified teachers who will be assigned teaching positions within their field, including—

''(A) providing signing bonuses or other financial incentives, such as differential pay, for teachers to teach in academic subject areas in which there exists a shortage of such teachers within a school or the local educational agency;

''(B) establishing programs that—

''(i) recruit professionals from other fields and provide such professionals with alternative routes to teacher certification; and

''(ii) provide increased opportunities for minorities, individuals with disabilities, and other individuals underrepresented in the teaching profession; and

''(C) implementing hiring policies that ensure comprehensive recruitment efforts as a way to expand the applicant pool, such as through identifying teachers certified through alternative routes, coupled with a system of intensive screening designed to hire the most qualified applicant.

''(2) Initiatives to promote retention of highly qualified teachers and principals including—

''(A) programs that provide mentoring to newly hired teachers, such as from master teachers, and to newly hired principals; or

''(B) programs that provide other incentives, including financial incentives, to retain teachers who have a record of success in helping low-achieving students improve their academic success.

''(3) Programs and activities that are designed to improve the quality of the teacher force, such as—

''(A) innovative professional development programs (which may be through partnerships including institutions of higher education), including programs that train teachers to utilize technology to improve teaching and learning, that are consistent with the requirements of section 2033;

''(B) development and utilization of proven, cost-effective strategies for the implementation of professional development activities, such as through the utilization of technology and distance learning;

''(C) tenure reform;

''(D) merit pay;

''(E) testing of elementary and secondary school teachers in the subject areas taught by such teachers;

''(F) professional development programs that provide instruction in how to teach children with different learning styles, particularly children with disabilities and children with special learning needs (including those who are gifted and talented); and

''(G) professional development programs that provide instruction in how best to discipline children in the classroom and identify early and appropriate interventions to help children described in subparagraph (F) learn.

''(4) Teacher opportunity payments, consistent with section 2034.

''SEC. 2032. LOCAL APPLICATIONS.

''(a) IN GENERAL.—A local educational agency seeking to receive a subgrant from a State under this subpart shall submit an application to the State—

''(1) at such time as the State shall require; and

''(2) which is coordinated with other programs under this Act, or other Acts, as appropriate.

''(b) LOCAL APPLICATION CONTENTS.—The local application described in subsection (a), shall include, at a minimum, the following:

''(1) A description of how the local educational agency intends to use funds provided under this subpart, including an assurance that the local educational agency will meet the requirements for the use of funds for mathematics and science programs, professional development, and hiring teachers to reduce class size, under section 2031.

''(2) An assurance that the local educational agency will target funds to schools within the jurisdiction of the local educational agency that—

''(A) have the highest proportion of out-of-field teachers;

''(B) have the largest average class size; or

''(C) are identified for school improvement under section 1116(c).

''(3) A description of how the local educational agency will coordinate professional development activities authorized under this subpart with professional development activities provided through other Federal, State, and local programs, including those authorized under title I, title III, title IV, part A of title VII, and (where applicable) the Individuals with Disabilities Education Act and the Carl D. Perkins Vocational and Technical Education Act.

''(4) A description of how the local educational agency will integrate funds under this subpart with funds received under title III that are used for professional development to train teachers in how to use technology to improve learning and teaching.

''(c) PARENTS' RIGHT-TO-KNOW.—A local educational agency that receives funds under this subpart shall provide, upon request and in an understandable and uniform format, to any parent of a student attending any school receiving funds under this subpart, information regarding the professional qualifications of the student's classroom teachers, including, at a minimum, the following:

''(1) Whether the teacher has met State qualification and licensing criteria for the grade levels and subject areas in which the teacher provides instruction.

''(2) Whether the teacher is teaching under emergency or other provisional status through which State qualification or licensing criteria have been waived.

''(3) The baccalaureate degree major of the teacher and any other graduate certification or degree held by the teacher, and the field or discipline of the certification or degree.

''SEC. 2033. PROFESSIONAL DEVELOPMENT FOR TEACHERS.

''(a) LIMITATION RELATING TO CURRICULUM AND CONTENT AREAS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), professional development funds under this subpart may not be provided for a teacher and an activity if the activity is not—

''(A) directly related to the curriculum and content areas in which the teacher provides instruction; or

''(B) designed to enhance the ability of the teacher to understand and use the State's standards for the subject area in which the teacher provides instruction.

''(2) EXCEPTION.—Paragraph (1) does not apply to funds for professional development activities that instruct in methods of disciplining children.

''(b) OTHER REQUIREMENTS.—Professional development activities funded under this subpart—

''(1) shall be measured, in terms of progress, using the specific performance indicators established by the State in accordance with section 2013(b)(2);

''(2) shall be tied to challenging State or local content standards and student performance standards;

''(3) shall be tied to scientifically based research demonstrating the effectiveness of such program in increasing student achievement or substantially increasing the knowledge and teaching skills of such teachers;

''(4) shall be of sufficient intensity and duration (such as not to include 1-day or short-term workshops and conferences) to have a positive and lasting impact on the teacher's performance in the classroom, except that this paragraph shall not apply to an activity if such activity is one component of a long-term comprehensive professional development plan established by the teacher and the teacher's supervisor based upon an assessment of their needs, their students' needs, and the needs of the local educational agency; and

''(5) shall be developed with extensive participation of teachers, principals, and administrators of schools to be served under this part.

''(c) ACCOUNTABILITY.—

''(1) IN GENERAL.—A State shall notify a local educational agency that the agency is on notice of the possibility that the agency may be subject to the requirement in paragraph (3) if, after any fiscal year, the State determines that the programs or activities funded by the agency fail to meet the requirements of subsections (a) and (b).

''(2) TECHNICAL ASSISTANCE.—A local educational agency that has been put on notice pursuant to paragraph (1) may request technical assistance from the State in order to provide the opportunity for such local educational agency to comply with the requirements of subsections (a) and (b).

''(3) REQUIREMENT TO PROVIDE TEACHER OPPORTUNITY PAYMENTS.—A local educational agency that has been put on notice by the State pursuant to paragraph (1) during any 2 consecutive fiscal years shall expend under section 2034 for the succeeding fiscal year a proportion of the amount made available to the agency under this subpart equal to the proportion of such amount expended by the agency on professional development for the second fiscal year in which it was put on notice.

''SEC. 2034. TEACHER OPPORTUNITY PAYMENTS.

''(a) IN GENERAL.—A local educational agency receiving funds under this subpart may (or, in the case of a local educational agency described in section 2033(c)(3), shall) provide funds directly to a teacher or a group of teachers seeking opportunities to participate in a professional development activity of their choice.

''(b) NOTICE TO TEACHERS.—Local educational agencies distributing funds under this section shall establish and implement a timely process through which proper notice of availability of funds will be given to all teachers within schools identified by the agency and shall develop a process whereby teachers will be specifically recommended by principals to participate in such program by virtue of—

''(1) their lack of full certification to teach in the subject or subjects in which they teach; or

''(2) their need for additional assistance to ensure that their students make progress toward meeting challenging State content standards and student performance standards.

''(c) SELECTION OF TEACHERS.—In the event adequate funding is not available to provide payments under this section to all teachers seeking such assistance, or identified as needing such assistance pursuant to subsection (b), a local educational agency shall establish procedures for selecting teachers which provide a priority for those teachers described in paragraph (1) or (2) of subsection (b).

''(d) ELIGIBLE PROGRAM.—Teachers receiving a payment under this section shall have the choice of attending any professional development program that meets the criteria set forth in subsection (a) or (b) of section 2033.

''Subpart 4—National Activities

''SEC. 2041. ALTERNATIVE ROUTES TO TEACHING.

''(a) TEACHER EXCELLENCE ACADEMIES.—

''(1) IN GENERAL.—The Secretary may award grants on a competitive basis to eligible consortia to carry out activities described in this subsection.

''(2) USE OF FUNDS.—

''(A) IN GENERAL.—An eligible consortium receiving funds under this subsection shall use the funds to pay the costs associated with the establishment or expansion of a teacher academy in an elementary or secondary school facility that carries out the activities promoting alternative routes to State teacher certification specified in subparagraph (B), the model professional development activities specified in subparagraph (C), or all such activities.

''(B) PROMOTING ALTERNATIVE ROUTES TO TEACHER CERTIFICATION.—The activities promoting alternative routes to State teacher certification specified in this subparagraph are the design and implementation of a course of study and activities providing an alternative route to State teacher certification that—

''(i) provide opportunities to highly qualified individuals with a baccalaureate degree, including mid-career professionals from other occupations, paraprofessionals, former military personnel, and recent college or university graduates with records of academic distinction;

''(ii) provide stipends, for not more than 2 years, to permit individuals described in clause (i) to participate as student teachers able to fill teaching needs in academic subjects in which there is a demonstrated shortage of teachers;

''(iii) provide for the recruitment and hiring of master teachers to mentor and train student teachers within such academies; and

''(iv) include a reasonable service requirement for individuals completing the alternative certification program established by the consortium.

''(C) MODEL PROFESSIONAL DEVELOPMENT.—The model professional development activities

specified in this subparagraph are activities providing ongoing professional development opportunities for teachers, such as—

''(i) innovative programs and model curricula in the area of professional development which may serve as models to be disseminated to other schools and local educational agencies; and

''(ii) developing innovative techniques for evaluating the effectiveness of professional development programs.

''(3) PRIORITY.—The Secretary shall award not less than 1 grant to a consortium that—

''(A) includes a high-need local educational agency located in a rural area; and

''(B) proposes the extensive use of distance learning in order to provide the applicable course work to student teachers.

''(4) SPECIAL RULE.—No single participant in an eligible consortium may retain more than 50 percent of the funds made available to the consortium under this subsection.

''(5) APPLICATION.—To be eligible to receive a grant under this subsection, an eligible consortium shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

''(6) ELIGIBLE CONSORTIUM.—In this subsection, the term 'eligible consortium' means a consortium for a State that—

''(A) shall include—

''(i) the State agency responsible for certifying teachers;

''(ii) not less than 1 high-need local educational agency;

''(iii) a school of arts and sciences; and

''(iv) an institution that prepares teachers; and

''(B) may include local educational agencies, public charter schools, public or private elementary or secondary schools, educational service agencies, public or private nonprofit educational organizations, museums, or businesses.

''(b) CONTINUATION OF TROOPS-TO-TEACHERS PROGRAM.—

''(1) PURPOSE.—It is the purpose of this subsection to authorize the continuation after September 30, 1999, of the teachers and teachers' aide placement program known as the 'troops-to-teachers program', which was established by the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard, under section 1151 of title 10, United States Code.

''(2) TRANSFER OF FUNDS TO CONTINUE PROGRAM.—Subject to the requirements of this subsection, the Secretary of Education may provide a transfer of funds to the Defense Activity for Non-Traditional Education Support of the Department of Defense to permit the Defense Activity to carry out the troops-to-teachers program under section 1151 of title 10, United States Code, notwithstanding the termination date specified in subsection (c)(1)(A) of such section.

''(3) DEFENSE AND COAST GUARD CONTRIBUTION.—The Secretary of Education may not make a transfer of funds under paragraph (2) unless the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard, agree to cover not less than 25 percent of the costs associated with the activities conducted under the troops-to-teachers program. The contributions may be in the form of in-kind contributions or cash expenditures, which may include the use of private contributions made for purposes of the program.

''(4) ELIGIBLE MEMBERS.—After September 30, 1999, the troops-to-teachers program shall have a primary focus of recruiting members of the Armed Forces who are retiring after not less than 20 years of active duty.

''(5) PLACEMENT PRIORITY.—The Defense Activity for Non-Traditional Education Support shall cooperate with the Department of Education in efforts to notify high-need local educational agencies of the services available to them under the troops-to-teachers program.

"SEC. 2042. EISENHOWER NATIONAL CLEARINGHOUSE FOR MATHEMATICS AND SCIENCE EDUCATION.

''The Secretary may award a grant or contract, in consultation with the Director of the National Science Foundation, to continue the Eisenhower National Clearinghouse for Mathematics and Science Education.

"Subpart 5—Funding

"SEC. 2051. AUTHORIZATION OF APPROPRIATIONS.

''(a) FISCAL YEAR 2000.—For the purpose of carrying out this part, there are authorized to be appropriated $2,019,000,000 for fiscal year 2000, of which $15,000,000 are authorized to be appropriated to carry out subpart 4.

''(b) OTHER FISCAL YEARS.—For the purpose of carrying out this part, there are authorized to be appropriated such sums as may be necessary for fiscal years 2001 through 2004.

"Subpart 6—General Provisions

"SEC. 2061. DEFINITIONS.

''For purposes of this part—

''(1) ARTS AND SCIENCES.—The term 'arts and sciences' means—

''(A) when referring to an organizational unit of an institution of higher education, any academic unit that offers 1 or more academic majors in disciplines or content areas corresponding to the academic subject matter areas in which teachers provide instruction; and

''(B) when referring to a specific academic subject matter area, the disciplines or content areas in which academic majors are offered by the arts and sciences organizational unit.

''(2) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term 'high-need local educational agency' means a local educational agency that serves an elementary school or secondary school located in an area in which there is—

''(A) a high percentage of individuals from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)));

''(B) a high percentage of secondary school teachers not teaching in the content area in which the teachers were trained to teach; or

''(C) a high teacher turnover rate.

''(3) OUT-OF-FIELD TEACHER.—The term 'out-of-field teacher' means a teacher—

''(A) teaching a subject for which he or she is not fully qualified, as determined by the State; or

''(B) who did not receive a degree from an institution of higher education with a major or minor in the field in which he or she teaches.

''(4) SCIENTIFICALLY BASED RESEARCH.—The term 'scientifically based research'—

''(A) means the application of rigorous, systematic, and objective procedures to obtain valid knowledge relevant to professional development of teachers; and

''(B) shall include research that—

''(i) employs systematic, empirical methods that draw on observation or experiment;

''(ii) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

''(iii) relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and

''(iv) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.''.

(b) CONFORMING AMENDMENTS.—

(1) NATIONAL WRITING PROJECT.—Section 10992(i) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8332(i)) is amended by striking ''$4,000,000'' and inserting ''such sums as may be necessary''.

(2) REFERENCE TO NATIONAL CLEARINGHOUSE FOR MATHEMATICS AND SCIENCE EDUCATION.—Section 13302(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8672(1)) is amended by striking ''2102(b)'' and inserting ''2042''.

SEC. 3. AMENDMENTS RELATING TO READING EXCELLENCE ACT.

(a) REPEAL OF PART B.—Part B of title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6641–6651) is repealed.

(b) READING EXCELLENCE ACT.—

(1) PART HEADING.—Part C of title II of such Act is redesignated as part B and the heading for such part B is amended to read as follows:

"PART B—READING EXCELLENCE ACT".

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 2260(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6661i) is amended by adding at the end the following:

''(3) FISCAL YEARS 2001 TO 2004.—There are authorized to be appropriated to carry out this part $260,000,000 for fiscal year 2001 and such sums as may be necessary for fiscal years 2002 through 2004.''.

SEC. 4. GENERAL PROVISIONS.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by repealing part D;

(2) by redesignating part E as part C; and

(3) by striking sections 2401 and 2402 and inserting the following:

"SEC. 2401. PROHIBITION ON MANDATORY NATIONAL CERTIFICATION OF TEACHERS.

''(a) PROHIBITION ON MANDATORY TESTING OR CERTIFICATION.—Notwithstanding any other provision of law, the Secretary is prohibited from using Federal funds to plan, develop, implement, or administer any mandatory national teacher test or certification.

''(b) PROHIBITION ON WITHHOLDING FUNDS.—The Secretary is prohibited from withholding funds from any State or local educational agency if such State or local educational agency fails to adopt a specific method of teacher certification.

"SEC. 2402. PROVISIONS RELATED TO PRIVATE SCHOOLS.

''The provisions of sections 14503 through 14506 apply to programs under this title.

"SEC. 2403. HOME SCHOOLS.

''Nothing in this title shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this title.''.

(b) CONFORMING AMENDMENTS.—

(1) DEFINITION OF COVERED PROGRAM.—Section 14101(10)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(10)(C)) is amended by striking ''(other than section 2103 and part D)''.

(2) PRIVATE SCHOOL PARTICIPATION.—Section 14503(b)(1)(B) (20 U.S.C. 8893(b)(1)(B)) of such Act is amended by striking ''(other than section 2103 and part D of such title)''.

The CHAIRMAN. No amendment to that amendment shall be in order except those printed in House report 106–240. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, debatable for the time

specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

It is now in order to consider Amendment No. 1 printed in the House report 106–240.

AMENDMENT NO. 1 OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. GOODLING:

Page 4, after line 25, insert the following:

''(ii) NONPARTICIPATING STATES.—In the case of a State that did not receive any funds for fiscal year 1999 under one or more of the provisions referred to in subclauses (I) through (III) of clause (i), the amount allotted to the State under such clause shall be the total amount that the State would have received for fiscal year 1999 if it had elected to participate in all of the programs for which it was eligible under each of the provisions referred to in such subclauses.

Page 5, line 1, strike '''(ii)'' and insert '''(iii)''.

Page 7, strike lines 11 through 21 and insert the following:

if the State agrees to expend at least 95 percent of the amount of the funds provided under the grant for the purpose of making, in accordance with this part, subgrants to local educational agencies under subpart 3 and subgrants to eligible partnerships under subpart 2.

Page 7, line 24, strike ''3'' and insert ''5''.

Page 8, beginning on line 6, strike ''SUBGRANTS'' and all that follows through the end of line 7 and insert ''SUBGRANTS.—''.

Page 8, beginning on line 9, strike ''Except'' and all that follows through ''a'' on line 10 and insert ''A''.

Page 8, line 12, strike ''(b)(1)(A)'' and insert ''(b)(1)''.

Page 9, strike lines 10 through 13 and insert the following:

''(B) MINIMUM AMOUNT.—

''(i) IN GENERAL.—For any fiscal year for which a local educational agency would receive under subparagraph (A) an amount that is less than the total amount that the agency received for fiscal year 1999 under—

''(I) section 2203(1)(B) of this Act (as in effect on the day before the date of the enactment of the Teacher Empowerment Act); and

''(II) section 307 of the Department of Education Appropriations Act, 1999;

a State receiving a grant under this subpart shall ensure that the local educational agency receives under this paragraph an amount equal to such total amount.

''(ii) SOURCE OF FUNDS.—Notwithstanding paragraph (2), a State shall use such portion of the funds described in paragraph (2)(A) as may be necessary to pay to a local educational agency the difference between the agency's allotment under subparagraph (A) and the allotment to the agency required under clause (i).

Page 9, line 15, strike ''A State'' and insert ''Subject to subparagraph (C), a State''.

Page 9, line 18, strike ''(b)(1)(A)'' and insert ''(b)(1) (or such portion of such amount as remains after satisfaction of the requirements in subparagraphs (A) and (B)(ii) of paragraph (1))''.

Page 9, line 25, strike ''high-need''.

Page 10, after line 2, insert the following:

''(C) SUBGRANTS TO ELIGIBLE PARTNERSHIPS.—A State receiving a grant under this subpart shall expend at least 3 percent of the amount described in subparagraph (A) for the purpose of making subgrants to eligible partnerships under subpart 2.

Page 10, line 20, strike ''teachers'' and insert ''teachers, especially in the areas of mathematics and science,''.

Beginning on page 12, strike line 9 through page 13, line 8, and insert the following:

''(f) PUBLIC ACCOUNTABILITY.—

''(1) IN GENERAL.—A State that receives a grant under this subpart—

''(A) in the event the State provides public State report cards on education, shall include in such report cards information on the State's progress with respect to—

''(i) subject to paragraph (2), improving student academic achievement, as defined by the State;

''(ii) closing academic achievement gaps, as defined by the State, between the groups described in paragraph (2)(A)(i);

''(iii) increasing the percentage of classes in core academic areas taught by fully qualified teachers; and

''(iv) reducing class size; or

''(B) in the event the State provides no such report card, shall publicly report the information described in subparagraph (A) through other means.

''(2) DISAGGREGATED DATA.—The information described in paragraph (1)(A)(i) and section 2013(b)(3)((A) shall be—

''(A) disaggregated—

''(i) by minority and non-minority status and by low-income and non-low-income status; and

''(ii) using assessments consistent with section 1111(b)(3); and

''(B) publicly reported in the form of disaggregated data only when such data are statistically sound.

Beginning on page 13, strike line 22 through page 14, line 13, and insert the following:

''(2) A plan to ensure all teachers within the State are fully qualified not later than December 31, 2003.

''(3) An assurance that the State will require each local educational agency and school receiving funds under this title to publicly report their annual progress on the agency's and the school's performance indicators in the following:

''(A) Subject to section 2012(f)(2), improving student academic achievement, as defined by the State.

''(B) Closing academic achievement gaps, as defined by the State, between the groups described in section 2012(f)(2)(A)(i).

''(C) Increasing the percentage of classes in core academic areas taught by fully qualified teachers.

''(4) A description of how the State will hold local educational agencies and schools accountable for making annual gains in meeting the performance indicators described in paragraph (3).

Page 14, line 14, strike '''(4)'' and insert '''(5)''.

Page 15, line 5, strike '''(5)'' and insert '''(6)''.

Page 15, line 20, strike ''2012(b)(1)(B),'' and insert ''2012(c)(2)(C),''.

Page 16, line 2, strike ''State.'' and insert ''State. Not more than 5 percent of the amount made available to an agency to carry out this subpart may be used for planning and administration.''.

Page 18, line 4, strike ''provided to'' and insert ''expended by''.

Page 20, line 16, strike ''certified'' and insert ''fully qualified''.

Page 20, line 17, strike ''certified'' and insert ''fully qualified''.

Page 22, line 12, before ''teachers'' insert ''fully qualified''.

Page 22, line 17, strike ''certification;'' and insert ''certification, especially in the areas of mathematics and science;''.

Page 25, beginning on line 16, strike ''highest proportion of out-of-field teachers;'' and insert ''lowest proportion of fully qualified teachers;''.

Page 27, line 24, strike ''2013(b)(2);'' and insert ''2013(b)(3);''.

Page 28, line 21, strike the period at the end and insert ''and, with respect to any professional development program described in subparagraphs (F) and (G) of section 2031(b)(3), shall, if appropriate, be developed with extensive coordination with, and participation of, professionals with expertise in such types of professional development.''.

Page 30, line 10, strike ''lack of full certification'' and insert ''not being fully qualified''.

Page 34, line 23, strike ''1999,'' and insert ''2000,''.

Beginning on page 35, strike line 24 through page 36, line 9.

Page 36, after line 15, insert the following:

''SEC. 2043. PROFESSIONAL DEVELOPMENT FOR PRINCIPALS AS LEADERS OF SCHOOL REFORM.

''(a) COMPETITIVE GRANTS.—The Secretary shall award grants on a competitive basis to eligible partnerships—

''(1) consisting of—

''(A) one or more institutions of higher education that provide professional development for principals and other school administrators; and

''(B) one or more local educational agencies; and

''(2) that may include other entities, agencies, or organizations, such as a State educational agency, a State agency for higher education, educational service agencies, or professional organizations of principals and teachers.

''(b) APPLICATION.—

''(1) IN GENERAL.—Any eligible partnership that desires to receive a grant under this section shall submit an application at such time, in such manner, and containing such information as the Secretary may require.

''(2) CONTENTS.—Each such application shall include a description of—

''(A) the activities the partnership will carry out to achieve the purpose of this section;

''(B) how those activities will build on, and be coordinated with, other professional development programs and activities, including activities under title I of this Act and title II of the Higher Education Act of 1965; and

''(C) how principals, teachers, and other interested individuals were involved in developing the application and will be involved in planning and carrying out activities under this section.

''(c) USE OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to provide professional development to principals and other school administrators to enable them to be

effective school leaders and prepare all students to achieve to challenging State content and student performance standards, including professional development relating to—

''(1) leadership skills;

''(2) recruitment, assignment, retention, and evaluation of teachers and other staff;

''(3) effective instructional practices, including the use of technology;

''(4) using smaller classes effectively; and

''(5) parental and community involvement.

Page 37, after line 15, insert the following:

''(2) FULLY QUALIFIED.—The term 'fully qualified'—

''(A) when used with respect to a public elementary or secondary school teacher (other than a teacher teaching in a public charter school), means that the teacher has obtained State certification as a teacher (including certification obtained through alternative routes to certification) or passed the State teacher licensing exam and holds a license to teach in such State; and

''(B) when used with respect to —

''(i) an elementary school teacher, means that the teacher holds a bachelor's degree and demonstrates knowledge and teaching skills in reading, writing, mathematics, science, and other areas of the elementary school curriculum; or

''(ii) a middle or secondary school teacher, means that the teacher holds a bachelor's degree and demonstrates a high level of competency in all subject areas in which he or she teaches through—

''(I) a high level of performance on a rigorous State or local academic subject areas test; or

''(II) completion of an academic major in each of the subject areas in which he or she provides instruction.

Page 37, line 16, strike '''(2)'' and insert '''(3)''.

Page 38, strike lines 5 through 12 and insert the following:

''(4) PUBLICLY REPORT.—The term 'publicly report', when used with respect to the dissemination of information, means that the information is made widely available to the public, including parents and students, through such means as the Internet and major print and broadcast media outlets.

Page 38, line 13, strike '''(4)'' and insert '''(5)''.

Page 39, strike lines 13 through 17 and insert the following:

(1) NATIONAL WRITING PROJECT.—Section 10992(i) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8332(i)) is amended to read as follows:

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the grant to the National Writing Project, such sums as may be necessary for each of fiscal years 2000 through 2004 to carry out the provisions of this section.''.

Mr. CLAY. Mr. Chairman, although I am not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY) each will control 15 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Teacher Empowerment Act will provide a major boost to schools in their efforts to establish and support a high quality teaching force, and that should be the whole emphasis of the debate. How do we get a high-quality teaching force? The amendment strengthens the bipartisan committee-passed version, and I believe will only further our ability to pass this today in an overwhelming bipartisan fashion.

First, we have addressed the important issue of funding at the local level. We have heard people say over and over again, we are going to lose money, we are going to lose money; no one loses money. In my manager's amendment, they have the opportunity of taking existing amounts that they receive, or going to the 50–50 formula. So no one loses.

So we can stop that argument right away. No one loses. We do not lose any from poverty schools, we do not lose any from inner city, we do not lose any anywhere, unless for some reason or other we pass some kind of budget that reduces spending and then, of course, on these programs, then we would lose. Specifically, the amendment includes provisions which will enable each local educational agency to receive the higher of the funds they received in fiscal year 1999 or under the new formula. No one loses money. The additional funds to make up the difference come from the competitive grants from the State.

In addition, we have strengthened the accountability provisions, and I thank the gentleman from California (Mr. MILLER) for that. We did a good job initially, and his efforts have only made it even better.

Now, contrast that to what is happening today. Every grant that has gone out has no quality attached to it whatsoever. And, of course, the end result is one does not have to be certified or qualified, one just has to be breathing. I have not heard the President say that, but I suppose one does in order to qualify for one of these new jobs.

In ours, with the help of the gentleman from California (Mr. MILLER), all teachers are qualified by the year 2003. Again, I would say that we have to concentrate primarily on how do we provide a quality teacher in every classroom for every child throughout this country. That should be our number one goal, and when we complete this legislation, we will be on the right path to make sure that that happens, and do not keep arguing that we know it all here. I have been in both places. There is room for improvement in both places. But I will guarantee my colleagues, most of what I got when I was there did not make sense in relationship to the local district that I was trying to supervise.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield myself such time as I may consume.

I support this Goodling amendment because it corrects some of the major flaws contained in the reported bill. But to fix the rest of this flawed bill we must vote to support the Martinez substitute.

Mr. Chairman, at this time I will insert my remarks in support of my position into the RECORD.

Mr. Chairman, I support this Goodling amendment because it corrects some of the major flaws contained in the reported bill, to fix the rest of this flawed bill, we must vote to support this Martinez substitute.

This amendment contains the Miller accountability provisions contained in the Martinez Democratic substitute. These provisions ensure there will be a qualified teacher in every classroom—and that the Congress receive comprehensive information about teacher quality and student achievement. The reported bill amounted to a black check to States to spend for teacher related purposes, with virtually no accountability.

The Miller amendment is designed to hold States and school districts accountable for Federal funds.

This amendment also makes some short term improvements in the targeting of funds to the poorest school districts. Currently, funds for class size reduction are distributed by formula, targeted at areas of greatest need. The reported bill slashed millions of dollars in funding to poor urban and rural areas in order to benefit wealthy suburbs. This amendment adopts a ''hold harmless'' to school districts for this year, so that no school district will lose funds next year. Unfortunately, this amendment does not target new funding to needy areas; The Martinez substitute continues targeting, and also makes substantial new investment for class size reduction and teacher training.

Finally, this amendment includes another Democratic amendment proposed by Representative KIND creating a new grant program for improving professional development for principals. This too is included in the Martinez substitute.

While I support the half measures contained in this amendment—to do the job right we must support the Martinez amendment later that not only includes all these provisions, but restores the Clinton Clay class size reduction program, and makes substantial new investments in teacher training.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Chairman, I thank the gentleman from Missouri (Mr. CLAY), the ranking member, for yielding to me.

I rise today in support of the Goodling amendment. I think many of the provisions that are included in this amendment make a good bill even better. Many of the provisions that are in the manager's amendment were actually contained in the Martinez substitute during committee debate, one

that I was happy to support and I will support again today. I especially like those provisions that deal with the hold harmless with funding for the States, the public accountability which requires a report to the community and to the parents in regards to the progress of educational improvement contained in the bill, and the quality language that is now contained in the manager's mark, something that the gentleman from California (Mr. MILLER) has been striving and pushing for for many, many months during the course of the evolution of this bill.

I want to just take a moment to thank both the ranking member on the subcommittee, the gentleman from California (Mr. MARTINEZ) as well as the chairman of the subcommittee, the gentleman from California (Mr. MCKEON), and the chairman of the full committee, the gentleman from Pennsylvania (Mr. GOODLING) for the full cooperation and the support that I have received in regards to a provision that I feel is incredibly important to the overall integrity of this bill. That is the recognition that not only should this legislation be striving to improve the quality of teacher training and the quality of teachers in the classroom, but also recognizes the particular importance that principals, administrators and superintendents have in improving the quality of education for our children.

We all recognize that it is tough for a football team to make it to the Super Bowl without a good quarterback—the same is true in the public school system. If we do not have quality principals, quality administrators or superintendents of the school districts who recognize the need for reform in the school district and can provide the crucial leadership, it is going to be very hard to get the teachers and the parents in the community to buy into the programs that are vitally necessary to make those changes.

That is why I have worked on drafting an amendment at the committee level that has now been accepted in the chair's amendment that recognizes the particular challenge that we face in regards to principals and administrators across the country.

The language that I have drafted is designed to specifically identify the needs of principals and administrators and superintendents as leaders in the education at schools, and recognize that these people as individual leaders of the school do not have a peer network, so professional development programs should create such networks. It also provides a competitive grant to the partnership to provide professional development to principals and other school administrators to enable them to be effective school leaders and prepare students to achieve challenging performance standards.

The partnerships are to be made of an institution of higher education which provides professional development to principals and administrators, along with one or more school districts or schools, and any other entity, agency or organization such as the State Department of Education and professional associations.

Mr. Chairman, this came out of recognition and feedback that I received from people back in my congressional district in western Wisconsin. I have witnessed that some school districts go through 2 or 3 different interviewing rounds just to find a good, qualified principal for a vacancy, or a good, qualified superintendent. As I spoke to many of the superintendents and principals around the school districts, they felt the need for this amendment.

I want to again express my appreciation to the chair of the subcommittee and to the chair of the full committee as well as the leadership on the democratic side for the recognition of this provision contained in the bill.

Furthermore, Mr. Chairman, this bill addresses a very real and serious issue. As a member of the Education and Workforce Committee, I have been struck by the sincere concern expressed by education professionals and leaders nationwide regarding a pending crisis in the quality of education in America.

A common theme we heard during committee hearings is that the nation is on the verge of a serious shortage of teachers—a shortage already experienced in some areas—generally due to baby-boomer retirements. Further, many states have been hiring teachers on an emergency basis, so that while classrooms may have new instructors, the level of quality may differ dramatically school-to-school and district-to-district.

The Committee, Democrats and Republicans alike, have worked hard to address this problem by encouraging professional development and high standards in hiring, training, and retaining well-qualified teachers. Witnesses and studies testify to the fact that teachers are far more confident in the classroom when they receive good, ongoing professional development opportunities.

I must admit, I have not been enthusiastic about the Chairman's decision to split the Elementary and Secondary Education Act, or ESEA, into it's component titles for separate votes on the House floor. I am encouraged, however, by the commitment Mr. MCKEON has made to professional development through his work in drafting this title. Congress must be willing to support all aspects of education, including professional development, if we all are as serious as we say we are about the issue. The bill goes a long way to assist states and school districts to hire and train high quality teachers and administrators, with a focus on standards and achievement.

CLASS SIZE

I'm pleased to see that Mr. MCKEON recognizes the success that class size reduction programs have had nationwide, and decided to include class size reduction as a priority in this bill. In my home state of Wisconsin, the Student Achievement Guarantee in Education program, or SAGE, has been very effective in improving scores for students in high-need schools. The program focuses on class size reduction, but also incorporates challenging curriculum, extended hours, staff development, and professional accountability into its package. This targeted yet comprehensive approach works in Wisconsin, and will likely be expanded in scope in the coming years.

Wisconsin is not alone in working to reduce class size in order to improve student scores. In Tennessee, the STAR and Challenge projects have produced good data indicating a general educational advantage for students in smaller classes. Similar programs in North Carolina, Indiana, Texas, Nevada and Virginia, as well as initiatives either started or planned in at least 20 other states offer a great deal of optimism that a focus on reducing class size will help students, particularly those in areas of higher need, achieve greater performance goals and standards.

PRINCIPAL AND ADMINISTRATOR TRAINING

As part of the goal of comprehensive education reform, I found an element of traditional professional development to be particularly lacking and on which I have already spoken. While we all have come to recognize the need for better professional development opportunities for teachers in order to recruit them, retain them, and keep them effective in the classroom, we were overlooking key players in the school environment—the principal, the superintendent, and other administrators having an impact on the instruction of our children.

Principals and administrators take a vital leadership role in educating our children. I have been told time and again from teachers, administrators, school boards and parents, that if a principal or superintendent is not up to speed on current and successful educational trends, the local educational system will weaken. Likewise, a well prepared and highly trained principal or superintendent will engage and challenge his or her staff and inspire greatness throughout the school and the surrounding community.

But, like the teaching profession, there are not enough qualified principals and administrators in the field, and the situation will worsen as these folks retire in the coming years. A telling sign of danger is the fact that the average tenure for a district superintendent is now three years or less.

It is obvious to me that we need to address this issue now, in this bill, as part of a comprehensive approach to professional development and training for educational professionals, regardless of their position in the school. Mr. GOODLING's amendment does just that, through the creation of a competitive grant specifically designed to address the professional development of principals and other school administrators.

I submitted this section because while current law and the chairman's mark may allow states and local districts to consider principal and administrator training programs, neither actually identifies these educational leaders as having specialized, significant needs in order to maintain ''building-wide'' professionalism.

By addressing the special needs of these professionals, and providing a setting where principals and administrator—who have no direct peer-group surrounding them daily—can meet other professionals, learn together and from each other, and then go back to their

schools to work with their teachers and other staff to provide quality educational services.

CONCLUSION

Mr. Chairman, the underlying bill does go a long way in helping our schools attract and retain quality teachers, principals and administrators. This amendment takes the measure a big step further by focusing on quality and accountability. I support this amendment and the bill, and am glad to see that Congress can help our schools strengthen their educational systems by hiring and maintaining the highest-quality instructional force possible.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. GEORGE MILLER) who has been very helpful in trying to get us answers to the question: what have the taxpayers, what have the children got for the money we have spent.

Mr. GEORGE MILLER of California. Mr. Chairman, I am still waiting on the answer.

Mr. Chairman, every Member of the House ought to support the Goodling amendment, because it does, in fact, dramatically strengthen the legislation that we had in committee. It does provide for increases in accountability and improvements in teacher quality items within the legislation. I think it is a very important amendment, because it embodies what all of us have been saying on both sides of the aisle, that questions of simple class size are not enough; that it is not enough that students spend either more hours with or there is fewer students with an unqualified teacher. What we must put in the front of the classroom are qualified teachers.

This legislation with the Goodling amendments, for the first time, demands that local school districts put qualified teachers into the classroom. It demands, for the first time, that we hold school districts accountable, which is the basic purpose of this legislation, and EFCA and that is, in fact, that we close the gap between rich and poor, between minority and majority in this country, and that we hold districts accountable for doing that.

Up until the time that this amendment is offered and up until the time that this legislation is passed, we have put $120 billion into this program. As the gentleman from Pennsylvania (Mr. GOODLING) has reminded us time and time again, that money has been sent out, and we never asked, we never asked that the teachers in the classroom be qualified. We said one of the purposes was to close the gap between majority and minority students, but nobody was ever held accountable for it.

What we now know and what we have witnessed now over many, many years is that poor and the minorities continue to be held back in this educational system because they do not have qualified teachers and the majority races ahead. We also know from years of research and understanding of how children learn that all of those poor children and all of those minority children can, in fact, learn at the same rate and with the same degree as children in suburban schools, middle class schools, or upper income schools if we do two things.

If we reduce class sizes, and we put well-qualified teachers and a first class curriculum in front of those children, they will learn and they will learn at the same rate. We need not accept those losses.

The Goodling amendment is the first step to doing this, and every Member of this House ought to support this amendment. I will be supporting the Martinez substitute because of the targeting provisions, but we will talk about that later.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Chairman, I rise today in opposition to H.R. 1995, the Teacher Empowerment Act, because even though it is titled that, it is really not a bill for teachers and it is not a good bill for students and it is not a good bill for our schools. The bill cuts the class size reduction program. This House voted for class size reduction last year; we supported it from both sides of the aisle and we funded it. And we made a promise to our schools, to our children, to our parents, to our communities that we would make sure that they had small classes where they could learn. If we pass this bill, we will take back that promise.

Now, some have mentioned, my good chairman of the committee, the California experience. Well, I have a California experience. It is called Orange County, California where I represent. After having gone to over 90 different schools, the reality is that the one comment I get most often from teachers in the first or second or third grade where we have reduced class size is what a difference this class size is making.

□ 1500

Their children are learning, and we begin to see it now in the scores as they begin to appear in California. We need to continue our class size reduction, and we should allow it to go nationwide.

The PTA does not like the Republicans' bill, our national teacher organizations do not like the bill, the school boards do not like the Republican bill, Governors do not even like this bill. About the only people who do like the bill are the Republicans.

We do have a choice. We can vote for the Democratic bill. Our version supports class size reduction and professional development, so that we make sure that we have smaller classes and qualified professionals in the classroom. Our version lets States and school districts decide how to spend classes and teacher training money. It puts the funding in the hands of the people who know what local schools need.

Mr. Chairman, I urge my colleagues to reject H.R. 1995 without the Democratic substitute.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. EHLERS), an important member of the committee.

Mr. EHLERS. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I would like to engage in a colloquy with the gentleman from California (Mr. MCKEON) and the gentleman from New Jersey (Mr. HOLT).

I would say to the gentleman from California, it is my understanding that the en bloc amendment being offered today makes modifications to the committee-reported bill in which local educational agencies would have been required to expend the same amount of funds on math and science as they were required to spend under the consolidated Eisenhower Special Development Program.

Under the Eisenhower program, localities had to spend their portion of the first $250 million of funds appropriated under this program for math and science. I understand the gentleman's amendment increases this amount.

Mr. MCKEON. Mr. Chairman, will the gentleman yield?

Mr. EHLERS. I yield to the gentleman from California.

Mr. MCKEON. Mr. Chairman, that is correct. I would like to thank the gentleman from Michigan (Mr. EHLERS), who was placed on this committee by the last Speaker and the current Speaker by special assignment because of his background in the area of science, that he would really do all he could to see that we improved education in math and science, and he has done a great job to that end. I want to commend him for that at this time.

In response to concerns raised by both the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from New Jersey (Mr. HOLT), who has worked with the gentleman to this end, a Member from the other side, a provision was added to the en bloc amendment to ensure that local schools will continue to expend the same amount of funds as they actually spent on math and science, as opposed to what they were required to spend under the Eisenhower program.

It was understood, based on initial information from the Department of Education, that this amount of funds represents roughly $300 to $335 million appropriated for this program. However, the flexibility under the committee-reported version of TEA, Teacher Empowerment Act, has been maintained, providing local educational agencies the ability to seek a waiver from their State if they are able to

demonstrate that their math and science needs are being met.

Mr. HOLT. Mr. Chairman, will the gentleman yield?

Mr. EHLERS. I yield to the gentleman from New Jersey.

Mr. HOLT. I thank my colleagues from Michigan and California, and recognizing the difficulty that we have had in obtaining good data that the local educational agencies are in fact spending the $300 million that we had understood is being spent, we want to make sure that this legislation results in maintaining an approximate level of effort equal to that understood level.

Mr. Chairman, of all the important jobs in our society, nothing makes more of an impact on our children than a well-trained, caring and dedicated teacher. No job ultimately is more important to our society.

Teachers across our Nation are doing an outstanding job. As I travel around my central New Jersey district, I have met with hundreds of teachers who are working hard every day to prepare students to succeed in this "new" economy and it is not often easy.

I am proud that this Congress has come together in a bipartisan way to produce a bill which provides new opportunities and resources both for training teachers who are already in the classroom and to hire new teachers for our growing schools.

This is a strong bipartisan bill that will improve teacher quality and reduce class sizes across the country.

Across the nation, schools will have to hire more than 2 million new teachers over the next ten years simply to keep up with the retirement and departures of existing teachers. We must in addition hire additional teachers to reduce class sizes, especially in the early years. We have learned that class-size reduction, especially in the early years, is a significant factor for increased student achievement.

The Teacher Empowerment Act gives schools the flexibility to both improve teacher quality and reduce class-size.

My district in central New Jersey is undergoing unprecedented growth. Young families are moving into new houses, and school principals get phone calls daily from parents who are moving into the area.

In Montgomery Township, in 1990 their school enrollment was about 1,500 students. When they open for classes in September, Montgomery will have to provide seats for 3,500 students. This is an increase of 134% in 10 years. And enrollment is expected to rise another 1,500 students over the next five years.

As these areas construct new schools, they need to hire qualified new teachers. The Teacher Empowerment Act provides resources to help these growing school districts hire new teachers.

In addition, most of these 2 million new teachers to be hired in the next decade will have to teach math and science. All elementary school teachers teach math and science and often do not feel prepared to do so.

Math and science are classes which serve as gateways for our children to the opportunities of tomorrow. Yet schools are finding difficulty finding enough qualified teachers in these critical subjects.

I am pleased that we were able to work together to strengthen teacher training for math and science. This bill maintains funding that was provided under the Eisenhower Professional Development Program for math and science teacher training. It also says that if school districts want to use the math and science money for other uses, they must ensure that the training needs of all of their math and science teachers, including elementary school teachers, are met.

The Teacher Empowerment Act continues the priority previous Congresses have established to support teachers in the critical fields of math and science.

Teachers often perform miracles in the classrooms which too many of us take for granted. This bill provides the support and the smaller classes these teachers need to help our children perform miracles.

Mr. MCKEON. If the gentleman will continue to yield, Mr. Chairman, information recently provided to us by the Department of Education indicates that their incomplete records show the total amount actually expended by local school districts on math and science is less than $300 million.

Mr. EHLERS. In light of this information, Mr. Chairman, would the gentleman from California agree to explore ways in which to ensure that local districts maintain a strong focus on the needs of math and science programs, and continue to expend the approximately $300 million they were reported to have expended on these programs last year?

Mr. MCKEON. Mr. Chairman, if the gentleman will continue to yield, yes, I would be pleased to work with both gentlemen on this as this legislation moves forward.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, H.R. 1995 is a step forward, though far from perfect. We have come a long way since 1994, when colleagues here in the majority sought to eliminate the Department of Education and to seriously cut back on very important education programs, including such programs that were successful, like Head Start.

We have come a long way even since the beginning of the discussions and debates on this particular piece of legislation. Everybody agrees, Mr. Chairman, that we should be improving education for all children, whether they are wealthy or not, minority as well as nonminority children. Many of us have long complained for flexibility, but not flexibility that would leave out the aspect of accountability. Instead, we have insisted on just that, accountability.

The amendment of the gentleman from Pennsylvania (Mr. GOODLING) in fact puts that back in, an accounting of the performance and the results showing that the Federal money expended results in student achievement across the board for minority and nonminority, for rich as well as for poor.

The Congress in Ed-Flex failed to add that suitable accountability. In this bill we have achieved that, and we have included the provisions that are necessary for professional development. We are going to have a requirement that there would be a plan to ensure that all teachers within the State are fully qualified no later than December 31 of 2003. For the first time we have that in education language; that the use of the funds must improve student academic achievement, must close those achievement gaps, must use disaggregated material.

In other words, we must see that every group of children succeed, poor as well as rich, minority as well as nonminority, and we must have reports on that data.

Mr. Chairman, this is important progress, and of course we would prefer the Martinez bill because it has a separate stream of funding. But here there is accountability even without the separate stream of funding. In order to show the kind of progress that is necessary, we believe that the smaller class sizes are necessary, and that money is going to have to go to that end in order to reach accountability aspects and get the kind of improvement in achievement that is necessary.

We would like to see it tighter, but this is a significant move, and we congratulate the gentleman from Pennsylvania (Mr. GOODLING) for moving this in that direction.

We have in this bill professional development. We have a way to help teachers, not punish them or threaten them, but to help them and give them the support in their development. We have more teachers here, and it is going to be up to the appropriators to make sure a significant amount of funds are available so we can do the hiring of all the necessary teachers to decrease the size of classes, particularly in grades 1 through 3, as well as get the professional development there.

But first and foremost, Mr. Chairman, we have in this bill the accountability that is going to trigger and lead to smaller classroom sizes and good professional development. That is the way we are going to get better education for all children in this country.

I thank the gentleman from Pennsylvania (Mr. GOODLING) and the other members of the committee for their hard work on this bill.

Mr. GOODLING. Mr. Chairman, I yield 1½ minutes to the gentleman from Colorado (Mr. HEFLEY).

Mr. HEFLEY. Mr. Chairman, as Members know, I have been very interested in the Troops to Teachers program. I appreciate the chairman including that in the bill.

I would like to carry on a colloquy with my colleague, the gentleman from

California (Mr. MCKEON). It is my understanding that language has been included as part of the Teacher Empowerment Act which will provide for the continuation of the Troops to Teachers program.

As Members know, I have been a supporter of this program, which was originally established to provide certain military personnel affected by the military drawdown with the opportunity to pursue a new career in public education.

Evaluations of this program have highlighted the quality of teachers provided through the program, the satisfaction of schools hiring these teachers, and the above average retention rates of these new teachers.

Mr. Chairman, I stand today to offer my support for H.R. 1995, the Teacher Empowerment Act. In particular, I am very pleased that the bill calls for the reauthorization of the Troops to Teachers program. My thanks for allowing the Troops to Teachers program to be included in this bill.

The Troops to Teachers program was created in 1994 to assist military personnel who were affected by military downsizing find second careers in which they could utilize their knowledge, professional skills and expertise in our nation's schools. The program offers counseling and assistance to help participants identify teacher certification programs and employment opportunities. As we all know, our schools and students are in desperate need of more high-quality teachers. The Troops to Teachers program helps provide those teachers.

Since its authorization, Troops to Teachers has helped over 3,000 active duty soldiers enter our nation's classrooms and make significant contributions to the lives of our students. These military personnel-turned-teachers have established a solid reputation as educators who bring unique real-world experiences to the classroom. They are dedicated, mature, and experienced individuals who have proven to be effective teachers, as well as excellent role models.

They are also helping fill a void felt in many public school districts. Over three-quarters of the Troops to Teachers participants are male, compared with about 25 percent in the overall public school system, and over 30 percent of these teachers belong to a minority racial ethnic group. In addition, a large portion of these teachers are trained in math, science, and engineering, and about half elect to teach in inner city or rural schools. Overall, the retention of these teachers is much higher than the national average.

Not surprisingly, Troops to Teachers is winning glowing reviews from educational administrators, teachers and legislators. Education Secretary Richard Riley praised the program as a new model for recruiting high quality teachers. School principals and superintendents who have employed Troops to Teachers participants are overwhelmingly supportive of the program.

The authorization of this successful program is set to expire at the end of this year. However, the passage of the Teacher Empowerment Act will ensure that this successful program continues. I hope my House colleagues will join me in preserving this education success story by supporting the Teacher Empowerment Act.

Mr. MCKEON. Mr. Chairman, will the gentleman yield?

Mr. HEFLEY. I yield to the gentleman from California.

Mr. MCKEON. Mr. Chairman, that is correct. Under TEA, the Secretary of Education is authorized to use a portion of funds reserved at the national level to continue the Troops to Teachers program, which was originally established under the Department of Defense in January, 1994, as part of the Defense Authorization Act for fiscal year 1993 as a result of the gentleman's efforts.

Mr. HEFLEY. We have been working on this also through the Defense Department and the defense bill. It is my understanding that the language under TEA is consistent with language currently being considered as part of the fiscal year 2000 defense authorization bill. I would ask the gentleman, is that correct?

Mr. MCKEON. Mr. Chairman, if the gentleman will continue to yield, that is also correct. The defense authorization bill includes language which, in addition to making minor changes to the current program, will continue the Troops to Teachers within the Department of Defense during the fiscal year 2000 while providing for the orderly transition of this program to the Department of Education beginning in fiscal year 2001.

The provisions under TEA reference back to the modifications of the program made under the defense bill, and will ensure that this program continues as part of the TEA program, beginning in fiscal year 2001.

I commend the gentleman from Colorado for his efforts in this area. He serves as its subcommittee chairman on the Committee on Armed Services, and has done an outstanding job in this area. I look forward to working with him as we move forward under this important program.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, I thank the gentleman for yielding me the time.

I am pleased to see the Goodling amendment because it does in fact correct some of the flaws in this bill, but not enough. Therefore, I remain in opposition to the Teacher Empowerment Act and in support of the Martinez substitute.

We need to change our attitudes towards educating children, because children are indeed the future of this Nation. This bill kills the efforts to provide qualified teachers to classrooms, and gives it to States to do whatever they choose. Even a State like mine, where the funding for districts is uneven, there are districts in my State that receive less than one-third of what other districts receive for local funding. Therefore, I am afraid to trust them with these additional resources.

Reducing class size is probably the most effective thing we could ever do to provide a high quality education for all of our children, no matter where they are.

So, Mr. Chairman, while the Goodling amendment in and of itself does move us in the direction, I remain committed to the Martinez substitute, and urge that we vote for the Martinez substitute to this bill.

Mr. Chairman, I remain in opposition to the Teacher Empowerment Act and in support of the Martinez substitute. We must change our attitude towards educating our children. Over 95 percent of our Nation's children go to public schools. These children are our future Doctors, Lawyers, Senators and Presidents.

This bill kills the effort to provide qualified teachers to our children's classrooms and gives it to the states to do what ever they choose. Qualified teachers are far more effective in smaller classes than in larger ones. One of the bill's most serious defects is that it undermines the federal commitment to helping local communities reduce class size to 18 students by failing to ensure a separate, dedicated stream of funding, targeted to high-poverty communities.

Unlike the other side I understand the need for reduced class sizes. This is probably the most important thing that you have in the classroom. Having a teacher that is eager to teach, one that is eager to help students, one that makes you feel at ease is needed in order to make that light bulb go on and for a student to say, I want to learn.

The Martinez substitute gives back to the students their best opportunity to learn, therefore, I urge all Members to support of this substitute.

Mr. GOODLING. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. MCKEON), the subcommittee chair who has worked so hard to put this legislation together.

Mr. MCKEON. Mr. Chairman, I appreciate the gentleman yielding time to me.

Mr. Chairman, this has been an interesting process. We started this as a purely bipartisan bill. The gentleman from California (Mr. MARTINEZ) and I and members of the subcommittee held hearings. We really tried to learn what was really important.

We went out to schools. We heard from experts on the subject. They said it was very important to have class size reduction, but it is also very important to have qualified teachers. So what we have tried to do with this bill is establish a balance.

We were accused by some on the other side of making deals. I have to admit that we did. Whenever we found somebody on the other side that had something that made the bill better, we accepted it. I think that is what bipartisanship is. We cannot have it both

ways. We cannot be accused of making deals, and that is a bad thing, and then at the same time if we do not make deals, we are partisan.

I think what we have done is something that we do not always have the opportunity of doing here. Once in a while we have the opportunity of doing what is right, and I think in this bill we have done what is right. Please support this bill, H.R. 1995.

Mr. KILDEE. Mr. Chairman, Chairmen GOODLING and MCKEON have made several improvements in this legislation that have addressed a number of concerns. Unfortunately, I will not be able to cast my vote for it today and instead will support the substitute being offered by my colleague from California, Mr. MARTINEZ, for several reasons.

First, despite the likely passage of Chairman GOODLING's managers amendment, which includes a school district holdharmless for fiscal year 1999, the bill will not target future funding to disadvantaged school districts. Some of the most pressing needs of disadvantaged areas in the areas of teacher quality, recruitment and retention are not reflected by the funding formula in this legislation.

Without distributing the resources provided by this legislation to the areas of most need, we are ignoring the true problems in our existing teacher training systems.

The lack of any direction in this legislation to continue the development of State standards and assessments is also a critical shortcoming. Since this program is intended to be the successor to Goals 2000, it should allow States to continue its mission to improve and reform State accountability systems.

In fact, a November 1998 GAO report on the Goals 2000 Program documented that its focus and direction on systemic reform has produced positive returns on its Federal investments and is widely supported by many of the local level.

Lastly, this bill does not recognize the need to identify class-size reduction as a national priority in our educational system.

Instead of authorizing the program we created in last year's appropriation's process, this bill removes the separate stream of funding for class-size reduction and makes it one of several strategies to be employed by school districts. Speaking from experience in my congressional district, both class size reduction in the early grades and a focus on teacher quality were necessary to improve student achievement in Flint, Michigan. This was accomplished with coordinated, but separate funding focuses on both class size and quality aspects.

The Federal legislation which we pass should reflect this winning combination.

Mr. Chairman, I urge opposition to the bill.

Mr. CLAY. Mr. Chairman, I yield the balance of my time to the gentleman from New Jersey (Mr. PAYNE).

The CHAIRMAN. The gentleman from New Jersey (Mr. PAYNE) is recognized for 4½ minutes.

Mr. PAYNE. Mr. Chairman, I, too, rise in support of the Goodling amendment. The Goodling amendment, which was the Democratic substitute in committee, which was not allowed to go through, but I am pleased at the wisdom of the gentleman from Pennsylvania (Mr. GOODLING) to revise this, so for that reason I do support the Goodling amendment.

Having said that, the Republican Teacher Empowerment Act of 1995 is simply another Republican attempt to pull the wool over America's eyes by giving a grossly inadequate piece of legislation a very deceiving title, as we have seen in many of the labor laws, such as the FAIR Act, the Act to have in working laws more time for people to have off, but it ends up with doing away with overtime.

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So we have seen these wonderful titles to bills, but what this act really does is that the Republican Teacher Empowerment Act threatens the future of the Clinton-Clay classroom reduction program by allowing funds to be diverted to other uses, even without even having to address the shameful overcrowding in classrooms.

I recall several books written by Jonathan Kocar, a person who talked about the inadequacy of education. He talked in one book of savage inequalities. In a second book called Children in Trouble: A National Tragedy, Jonathan Kocar talked about the inequity in funding and talked about the oversized classes in rural and urban areas and talked about the fact that property tax is the base for most education.

So, of course, if one is fortunate enough to be affluent, to live in an affluent city, to live in an affluent community, much more money goes towards education; but if one happens to live in a poor city that has no economic base, a city where industry has moved out, a city where it is difficult to attract in new businesses, then the young people in those communities lack an adequate education.

So the Federal Government has stepped in from time to time and said, let us make up for these inequities. As a result, we have large class sizes in urban areas because there is not the economic base to have equal class size and President Clinton said that each classroom, from kindergarten to grade 3, should have no more than 18 students in its classroom.

Well, this bill prevents the President Clinton-Clay class reduction program from going in, and I think it is wrong. H.R. 1995, if it passes, has targeted funding and districts that need most of the money will not get it. This includes not only urban districts but rural districts. This also fails to provide separate funding for professional school development, including school counselors, an amendment that I had introduced but failed to get through committee to have school counselors in elementary schools, where we need to start with counseling.

It eliminates funding that the States and local districts use for standard-based reforms. This fails to provide a separate stream of money for funding the class size reductions. I think that the Martinez substitute is the only way to go. It preserves funding to reduce class size, and it does not convert this funding into a block grant. As we have seen in previous funding and school flexibility acts, we have seen Title I practically eliminated where it does not matter the poverty of children, as Title I, which first started with an 80/20 match has now been eliminated down to 50/50.

Until now, Title I eligibility is not even a factor in many instances. The substitute of Martinez also adds $1 billion more to H.R. 1995 for teacher recruitment and training and adds $500 million more for training special education teachers. The substitute guarantees that no school will receive less than their current funding.

I think that when we come to vote, although as I have indicated the provision dealing with the Goodling amendment is positive, I believe that we should strongly support the Martinez substitute. I think that we should vote against 1995.

Mr. GOODLING. Mr. Chairman, may I inquire as to the time remaining?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GOODLING) has 5 minutes remaining. The time of the gentleman from Missouri (Mr. CLAY) has expired.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me close the debate on what I consider to be probably the most important legislation that will come before the Congress perhaps this year. Let me make a couple of observations before I do that.

First of all, Title I and the Education Flexibility Act are not married in any way, shape, or form. The Flexibility Act had nothing to do with Title I, so I do not know what we just heard was all about; but there was nothing in the Flexibility Act that deals with Title I or hurts Title I in any way.

Secondly, let us make sure everybody understands, we do not undercut class size reduction. This is not a Democrat or a Republican initiative. Everybody, if they can do it, would like to get class-size down to where the researchers say it shows any improvement, and that is at 15 students per classroom or below. So we can talk about 19, we can talk about 18, we can talk about 17.

The research says if we cannot get down to 15, we are probably not going to do very much; but even if we get down to 15 students and we do not have a quality teacher in the classroom, we have destroyed the opportunity for every child to learn.

Now, the important thing, I think, about this manager's amendment is we are trying to make sure that every teacher out there at the present time is

also qualified, properly qualified, to teach. We end the short-term, one-shot workshops. I wish this would have happened years ago. Then I would not have to have heard from my mate with 43 years of teaching experience ''they took me out of that classroom today, away from my children, for some nonsense.''

Well, we eliminate that. We say none of this one-shot business, none of this pseudo-improvement of teachers. There has to be a quality program. We insist on intensive, proven programs.

Then we go beyond that. We empower the teachers, the parents, and the principals to develop these programs. Who would know better than those three groups as to what constitutes a good program to improve the teachers' ability to teach in that classroom?

It is the parents, the teachers, and the principals who develop these programs.

Now, another beauty of the program is that if the local school district cannot provide a quality program of teacher improvement, the teachers can participate in a proven professional development program of their choice.

Then finally, we do something, as we heard the gentleman from California (Mr. GEORGE MILLER) say we should have done back in 1965.

Finally, we say, it has to be shown that teachers have improved in relationship to quality, and it has to be proven that all of the students, all of the students, no matter who they are, where they are, all of them have to improve in their academic skills. What more could we provide to local districts, to parents, to children, to administrators, than the opportunity to get a quality teacher in every classroom?

Let me again emphasize, I do not care whether we authorize 200,000; 600,000; 800,000 teachers. Unless we can find a way to get a quality teacher in that classroom, we are just destroying any hope of particularly disadvantaged students ever improving their academic skills. It is in those areas with large numbers of disadvantaged students where, more often than not, quality teachers are missing; and it is in those areas where that reduction comes first. They already do not have quality teachers, and now we are going to add to that problem by increasing the numbers of unqualified teachers in the classroom.

Let us take a dual approach. Let us reduce class size; but while we are doing it, let us make very, very sure that those children are going to have the benefit of a quality teacher in that classroom. I do not know how anyone can argue against a quality teacher in the classroom. I ask everyone to support this very important manager's amendment.

Mr. Chairman, I include the following:

COMMITTEE ON ARMED SERVICES,
Washington, DC, July 14, 1999.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Education and the Workforce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I understand that on Wednesday, June 30, 1999, the Committee on Education and the Workforce ordered favorably reported H.R. 1995, the Teacher Empowerment Act, which was referred to the Committee on Education and the Workforce and, in addition, the Committee on Armed Services. I further understand that those provisions which would modify the ''Troops to Teachers Program'' which is also within the jurisdiction of the Committee on Armed Services were retained in the version of the bill ordered to be reported.

Recognizing your Committee's desire to bring this legislation before the House expeditiously, I will not seek additional time for referral of the bill. By agreeing not to seek additional referral time, the Committee on Armed Services does not waive its jurisdictional interest in H.R. 1995 or any related legislation, nor should my decision not to mark up H.R. 1995 be construed in any manner that would negatively impact on the jurisdiction of the Committee on Armed Services. Furthermore, I would appreciate your support for my efforts to seek appropriate representation for the Committee on Armed Services on any conference with the Senate that may be convened on this legislation.

Thank you again for your attention to our jurisdictional interests in H.R. 1995. I would appreciate your acknowledgment of this letter and request that our exchange of letters be inserted into the Congressional Record during floor consideration of H.R. 1995.

Sincerely,

FLOYD D. SPENCE,
Chairman.

COMMITTEE ON EDUCATION AND THE WORKFORCE,
Washington, DC, July 14, 1999.

Hon. FLOYD SPENCE,
Chairman, Committee on Armed Services, House of Representatives, Washington, DC.

DEAR CHAIRMAN SPENCE: Thank you for your letter regarding H.R. 1995, the Teacher Empowerment Act, which was ordered favorably reported by the Committee on Education and the Workforce on Wednesday, June 30, 1999. As you have correctly noted, the bill includes provisions that are in the jurisdiction of the Committee on Armed Services and the Committee on Education and the Workforce, specifically those that would create a new Section 2041(b), the ''Troops to Teachers Program''.

I thank you for your willingness to facilitate expediting consideration of H.R. 1995 and to forego a markup by the Committee on Armed Services on this bill. I agree that this procedural route should not be construed to prejudice the Committee on Armed Services' jurisdictional interest and prerogatives on this bill or any other similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to your Committee in the future.

I very sincerely appreciate and thank you for working with me regarding this matter. Your letter and this response will be included in the Congressional Record during floor consideration of H.R. 1995.

Sincerely,

BILL GOODLING,
Chairman.

Mrs. ROUKEMA. Mr. Chairman, I associate myself with the remarks of the chairman in strong support of the bill.

Mr. Chairman. I rise in strong support of the Teacher Empowerment Act.

PREVIOUS EXPERIENCE AS A TEACHER

As a former teacher and school board member in my home community, I have always been active in the local school system. I believe that our schools are best prepared to meet the educational needs of our youth when decisions about the needs of our children are made by the local community.

LOCAL CONTROL

I am proud to stand as a cosponsor of this legislation, because I stand by the principle that establishing priorities and setting decisions about our children's education are best made at the local level by local educators—not by bureaucrats in Washington, DC.

STATE LEVEL

Under the TEA bill, money that States receive 95% goes directly to schools.

STATES MUST SPEND MONEY ON HIRING TEACHERS TO REDUCE CLASS SIZE

A portion of each grant received by the district must be spent on hiring teachers; however, TEA gives the option of waiving this requirement if using this would result in relying on under-qualified teachers, inadequate classroom space of any negative consequences which would have a negative impact on student achievement.

Yes, we give priority to more teachers and reducing class size but gives the local community the right to set priorities based on their assessment of community needs.

Currently, too many States are relying heavily on uncertified and unqualified teachers in order to reduce class size.

Without, this bill's common-sense flexibility, this problem will only be exacerbated.

Being a former teacher myself, I have firsthand knowledge that a well qualified teacher can have a significant impact on the lives of his/her students; an impression which can have a favorable impact on the rest of their lives.

ACCOUNTABILITY

STATE LEVEL

In order to receive this money a State must identify performance indicators and goals the State will use to hold local districts and schools accountable for the use of these funds.

LOCAL LEVEL

TEA requires that local school districts to establish local performance standards related to the State goals to increase student achievement and increase the content knowledge of teachers.

PRESIDENT'S PROPOSAL LACKS ANY ACCOUNTABILITY

The President's current ''100,000 New Teachers Program'' lacks any accountability that schools reducing their class size must prove that the reduction is actually improving student achievement.

After all, aren't we all trying to improve student achievement?

The Tea bill accomplishes this with its accountability provisions.

SECRETARY'S ACTIVITIES

A small portion of these funds would be reserved for the Secretary to carry out grants to the National Writing Project, Teacher Excellence Academies, the Troops-to-Teachers program; and the Math and Science Clearinghouse.

These are effective programs that provide great returns on the investment.

My home state of New Jersey is a leading state in alternative teacher certification, so I am pleased that the Secretary may continue to fund Teacher Excellence Academies.

CONCLUSION

This legislation gives authority over decisions concerning our children's education to teachers, parents, and local communities—where these decisions belong!

The Teacher Empowerment Act will prove to be a valuable tool enabling states and localities to empower students to be the best that they can be.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. GOODLING. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 253, further proceedings on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) will be postponed.

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in the House report 106–240.

AMENDMENT NO. 2 OFFERED BY MR. LAZIO

Mr. LAZIO. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. LAZIO:

Page 10, strike lines 17 and 18 and insert the following:

''(A) include support during the initial teaching experience, such as mentoring programs that—

''(i) provide mentoring to beginning teachers from veteran teachers with expertise in the same subject matter that the beginning teachers will be teaching; and

''(ii) provide mentors time for activities such as coaching, observing, and assisting the teachers who are mentored; and

''(iii) use standards or assessments for guiding beginning teachers that are consistent with the State's student performance standards and with the requirements for professional development activities under section 2033.''.

Page 12, after line 4, insert the following (and redesignate any subsequent provisions accordingly):

''(e) COMPONENTS OF ALTERNATIVE ROUTES TO STATE CERTIFICATION PROGRAMS.—To the extent appropriate, programs under subsection (d)(2)(B) shall—

''(1) include strong academic and teaching-related course work that provides teachers with the subject matter and teaching knowledge needed to help students reach the States content standards;

''(2) provide intensive field experience in the form of an internship, or student teaching, under the direct daily supervision of an expert, veteran teacher; and

''(3) provide that, before entry into teaching, candidates must be fully qualified.''.

Page 37, after line 15, insert the following:

''(2) BEGINNING TEACHER.—The term ''beginning teacher'' means an educator in a public school who has not yet been teaching 3 full school years.''.

Page 37, line 16, strike ''(2)'' and insert ''(3)''.

Page 38, after line 4, insert the following (and redesignate any subsequent provisions accordingly):

''(4) MENTORING PROGRAM.—The term ''mentoring program'' means to provide professional support and development, instruction, and guidance to beginning teachers, but does not include a teacher or individual who begins to work in a supervisory position.''.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from New York (Mr. LAZIO), and a Member opposed each will control 5 minutes.

Mr. CLAY. Mr. Chairman, although I am not opposed to the amendment, I ask unanimous consent to control the time in opposition.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. LAZIO).

Mr. LAZIO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today in support of the Teacher Empowerment Act, and I want to begin by complimenting the committee and particularly the chairman on his leadership in pushing forward an educational agenda that strives for improving teacher quality, sends dollars directly to the classroom, and encourages parental involvement.

As the father of two little ones that are just beginning their careers in school, I want to say that I am personally indebted to the chairman for his work here.

I want to thank the cosponsors of this amendment, the gentleman from Tennessee (Mr. DUNCAN) and the gentlewoman from New Mexico (Mrs. WILSON) for their work on this amendment. The gentlewoman from New Mexico (Mrs. WILSON) in particular is establishing herself as a leader in education and has a true passion for issues affecting children.

Mr. Chairman, the recruitment and retention of good teachers is paramount to improving our national education system. Like doctors in their medical residency and lawyers as associates, teachers supported by senior colleagues are provided with skills that will improve over time, and they will achieve a proficiency that will come more quickly. Hence, they are more likely to remain in the profession because of their success.

A voluntary mentor program was in place in my home State of New York from 1987 to 1992 and again from 1997 to 1998. This program provided assistance for beginning teachers by assigning them to a veteran teacher, other than their supervisor, to provide guidance. This program's success has led to many school districts to seek funding from other sources to continue the program.

Mr. Chairman, this amendment strengthens the bill outlining the essential components of mentoring programs that will improve the experience of new teachers and cut down on the high turnover currently seen among beginning teachers. My amendment also ensures program quality and accountability by requiring that teachers mentor their peers who teach the same subject in compliance with State standards.

A second concern addressed by my amendment is teacher recruitment. Many talented professionals demonstrate a high level of subject area competence outside the education profession and wish to become teachers. Unfortunately, they are discouraged from entering the teaching profession because they have not fulfilled the traditional education certification requirements. Many teachers and leading academic analysts believe that this needs to change.

States should be provided with incentives and given maximum flexibility to create alternative teacher certification and licensure programs to recruit well-educated and talented people into teaching our children. This amendment gives the States this flexibility.

Alternative certification will increase the supply of skilled teachers by allowing recruiting from outside the traditional process. The amendment also improves the quality of our teachers by ensuring that individuals who participate in alternative certification programs are fully knowledgeable in their subject matter and meet State standards.

Again, I want to urge my colleagues to support the Lazio-Wilson-Duncan amendment.

Mr. CLAY. Mr. Chairman, I reserve the balance of my time.

Mr. LAZIO. Mr. Chairman, I yield 1½ minutes to the gentleman from the great State of Tennessee (Mr. DUNCAN), and compliment him for his great work.

□ 1530

Mr. DUNCAN. Mr. Chairman, I thank the gentleman from New York for yielding me this time. I certainly rise in strong support of this amendment, and I thank the gentleman from New York (Mr. LAZIO) and the gentlewoman from New Mexico (Mrs. WILSON) for their support.

As I said during general debate, it makes no sense whatsoever to tell a person like an Alan Greenspan or a Howard Baker or some Ph.D. scientist or somebody who had achieved great success in some field that they could not teach in one of our schools if they were willing to do so at the culmination of their career just because they had not taken education courses.

It makes no sense to tell a college professor who, maybe, had taught in some college for 20 years, because he

wanted to move to a different area or because a small college had gone under that he could not teach in a public school because he had not had education courses when he had such great experience.

An article a few days ago in the Washington Post had the headline, quote, Effectiveness of Teacher Certification Question. It said that a new study has shown that, contrary to conventional wisdom, the words it used, students do just as well in science under teachers with emergency or temporary certificates. The study found that students score significantly higher in math if taught by someone with a degree in math rather than one who specialized in education.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Chairman, I thank the gentleman from Missouri for yielding me this time.

There was another article in the paper a few days ago that said Orange County, Virginia was having a hard time filling 12 teaching openings. Less than 7 weeks away from the opening of schools, they have not yet hired all the teachers they will need. David Baker, the Orange County Assistant Superintendent of Schools, noted that the problem was not a lack of applicants. He has received more resumes and applications than ever before. The problem is that over one-half of the applicants do not have teaching certificates. This is a nationwide problem, and one that is going to grow worse as more and more teachers retire in the next 7 or 8 years.

Local school boards, Mr. Chairman, should be allowed to consider a degree in education as a plus or a positive factor in hiring teachers. But they should not be prohibited by some Federal mandate or State mandate from hiring people who have great knowledge, experience, and success in a field just because they have not taken a few education courses.

Let us put the best teachers we possibly can in our classrooms, and let us pass this bill.

Mr. CLAY. Mr. Chairman, I yield 2½ minutes to the gentlewoman from New Mexico (Mrs. WILSON).

Mrs. WILSON. Mr. Chairman, I thank the gentleman from Missouri (Mr. CLAY) for his kindness in yielding me this time. I also thank the gentleman from New York (Mr. LAZIO) for his leadership on this issue and leadership on public education issues more generally in this House.

We all know there is going to be a shortage of teachers in America in the next decade. There will be a shortage of teachers in my own home State in New Mexico. It is up to all of us to start thinking outside the box on how we can recruit and retain more great teachers in the classroom.

This amendment strengthens this bill in two critical areas which, when I talk to teachers and administrators and people who work in colleges of education have told me are the most important ones.

The first is mentoring of beginning teachers. In New Mexico, up to 40 percent of our new teachers leave the profession within the first 5 years of starting out as teachers. Now some of them leave for very good reasons. It just does not work for them. It is not the right career for them. They do not feel comfortable in the classroom. But we have also learned that, if we pair an experienced teacher with a new teacher, we are more likely to retain great teachers who need that professional support early in their careers.

The other area that this amendment strengthens and that I am very interested in is the issue of alternative certification. Some folks know when they are teenagers or in their early twenties that they really want to be teachers. Some folks come to that realization later in life when they look at a second career after serving in the military or being a professional scientist.

The reality is that that is much harder to do than it should be. People should be able to use their life's experience and bring it back to young people. If we do not make it easier for people to teach in a second career, we will continue to have the current situation where Georgia O'Keefe could not have taught high school art, Tony Hillerman could not teach creative writing in high schools, Bill Gates could not teach computer science, or Dennis Chavez, the great former Senator from the State of New Mexico, could not have taught American government.

It does not make any sense, and we should change it. But we are not just talking about great people, the Einsteins of the world. We are talking about good people who have a feeling for children and what they need to do to inspire them and educate them. It should be easier for second-career professionals to enter the classroom.

I commend the gentleman from New York for his leadership on this issue and for working with all of us on this fine amendment.

Mr. LAZIO. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the full committee.

Mr. GOODLING. Mr. Chairman, I am happy to rise in support of the Lazio amendment.

Mr. LAZIO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I just want to say at the conclusion, I want to thank the gentleman from Missouri (Mr. CLAY) for his courtesy in allowing our speakers to articulate their points of view, and there is camaraderie in making sure that these themes are adopted. I thank the gentleman from California (Mr. MCKEON) for his great work in education, and again the gentleman from Pennsylvania (Mr. GOODLING), chairman of the full committee.

This gives us an opportunity to give our children a chance at quality education, something that we all embrace. We need the best possible education for children, for all our children, because education is about the future.

Mr. Chairman, I yield back the balance of my time.

Mr. CLAY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment No. 2 offered by the gentleman from New York (Mr. LAZIO).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 106–240.

AMENDMENT NO. 3 OFFERED BY MR. CASTLE

Mr. CASTLE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. CASTLE:

Page 12, after line 4, insert the following:

''(9) Providing assistance to local educational agencies and eligible partnerships (as defined in section 2021(d)) for the development and implementation of innovative professional development programs that train teachers to use technology to improve teaching and learning and are consistent with the requirements of section 2033.

Page 28, line 18, strike ''and''.

Page 28, line 21, strike the period at the end and insert ''; and''.

Page 28, after line 21, insert the following:

''(6) shall, to the extent appropriate, provide training for teachers in the use of technology so that technology and its applications are effectively used in the classroom to improve teaching and learning in the curriculum and academic content areas in which those teachers provide instruction.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from Delaware (Mr. CASTLE) and a Member opposed each will control 5 minutes.

Mr. CLAY. Mr. Chairman, although I am not opposed to the amendment, I ask unanimous consent to control the time in opposition to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CASTLE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, 4 years ago, the Delaware State legislature, in cooperation with Governor Carper, created a plan to establish a modern educational technology infrastructure in Delaware public schools to help students develop the skills our world-class work force requires. As a result, Delaware was the first State in the Nation to have network access in every public school classroom.

Like Delaware, our Nation's school districts are increasingly investing in

technology to improve education, communication, and the flow of information. Between school years 1983 to 1984 and 1995 to 1996, the ratio of students per computer has fallen from 125 to as low as 8 nationally. Yet, at a time when 78 percent of public schools have access to the Internet, only 20 percent of teachers report feeling well prepared to integrate educational technology into classroom instruction.

Educational technology can significantly improve student achievement, but we need to do more than simply place the computer in the classroom. We need to provide our educators with the skills they need to incorporate educational technology into their lesson plans.

The Teacher Empowerment Act recognizes the importance of educational technology in our classrooms by encouraging States in school districts to develop and implement professional development programs that train teachers in the use of technology in the classroom.

It also encourages the coordination of activities and the integration of funding with programs under title III, ESEA's education technology programs, to provide comprehensive development programs that focus on technology.

The Castle-Fletcher amendment simply strengthens the technology language that already exists in the Teacher Empowerment Act. It allows States to provide assistance to local educational agencies and eligible partnerships to develop innovative professional development programs that train teachers to use technology. And it requires, to the extent appropriate, that professional development activities provide training for teachers so that technology and its applications are effectively used in classroom learning.

Effective teaching strategies must incorporate educational technology if we are to ensure that all children have the skills they need to compete in their high-tech workplace. I urge an ''aye'' vote.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, I rise in support of this amendment. I urge that we consider some future request for additional funding to accomplish this. I think that we are all aware of the fact that there is a great deal of shortages in the area of information technology workers. The estimate now is that there are about 300,000 positions that are going unfilled, and that within 2 or 3 years, that number will pass a million because the number of young people who are in college now majoring in computer science is so small that it will never fill the gap.

There is a need to broaden the base of the pool. Many more youngsters need to be going into computer science or pursuing an education which will place them in the information technology world somewhere. Maybe they will be placed as mechanics, maybe as technologists. Maybe they will go on to computer programming at some other level.

So our teachers have to supply that pool from which we draw our future computer programmers and computer technologists and people in the schools who are teaching others how to use technology to the best effect for education.

But it cannot be done unless we have some more funding. We cannot talk about it alone because the necessity to purchase the computers, the necessity to make certain that our schools are wired so they can make use of technology; all these items, we cannot ignore and expect this to happen. It costs money.

We had, fortunately, a policy from the Federal Communications Commission which created the E-Rate. The E-Rate pays for the ongoing cost of using technology. It also helps to wire the poorest schools. It provides up to 90 percent of the cost for wiring the poorest schools.

But they still do not supply the computers, and they cannot supply the salaries for the teachers. So we need to, again, return to the consideration of the fact that nowhere are we proposing additional funds. We are not attacking the problems of education in a 21st Century manner by understanding that they require more resources.

Again, I cannot stress too much, we have a golden opportunity; the door of opportunity is open, because of the fact that there is a surplus. Other committees are talking about making demands on that surplus. We have to make demands on that surplus and say that education is an investment that ought to be made. Some portion of that surplus ought to be devoted to areas where it is expensive to operate like the area of technology.

The digital divide is great. Recently a report was released by the Department of Commerce which showed that sinking further and further behind are the children in the poorest areas, because they do not have access to computers at home.

The only other place we are going to be able to close the gap of the digital divide is at school. We cannot close it at school unless they have the money to buy the computers and to pay for the salaries of teachers. We need more funding to make this a reality. I think the gentleman has brought attention to the matter, and he deserves support for that reason.

Mr. CASTLE. Mr. Chairman, I yield the balance of my time to the gentleman from Kentucky (Mr. FLETCHER), a strong supporter of education and member of the Committee on Education and the Workforce.

Mr. FLETCHER. Mr. Chairman, I certainly appreciate and thank the gentleman from Delaware (Mr. CASTLE) for his work, and the gentleman from Pennsylvania (Chairman GOODLING) for his work, and the gentleman from Missouri (Mr. CLAY), the ranking member, for his continued work in improving education in this country.

Let me talk and tell my colleagues a little bit about a lady by the name of Pat Michau. She is the principal of Johnson Elementary School in Lexington, Kentucky. She recently told me, ''It is vital for teachers in the 21st Century to be technology literate. All of the future textbooks and plans for teaching will be on the computer, many of our textbooks are already available on CD ROM, and that number is only going to increase.''

Now Johnson Elementary is an inner-city school that serves primarily low-income and minority students; not what comes to mind when most people think of a high-tech school. However, Principal Michau at Johnson has been effective in integrating technology into every aspect of the curriculum.

The 3- and 4-year-olds in pre-kindergarten are on the computer every day; and by the time the students reach the third and fourth grade, they are able to do PowerPoint presentations for their classmates.

The use of computers is not limited to science and math. Johnson has purchased two digital cameras which teachers take with them on field trips. Then, when they return to the classrooms, students can download pictures from the trip and write about their experiences.

□ 1545

The children also have access to online collections of museums around the world. Besides learning about the artists behind these works, children have been painting their own art modeled after what they have seen on the Internet.

Miss Michau is quick to point out that none of this would be possible if the teachers had not been willing to put in hours of training in order to bring this technology to their students.

She said, ''School is the only place where some of these children will be exposed to computers, and it is vital to their future success that their teachers are effective teachers of technology.''

The demands of teaching in this country are growing more and more complicated every day, and we owe it to our children, especially our low-income and minority students, to provide them with every possible tool in order to meet the challenges of an increasingly technological society.

An investment in professional development for our teachers is an investment in our future, and I hope that my

colleagues will join the gentleman from Delaware (Mr. CASTLE) and myself in opening the door to the world of technology for children across this country.

Mr. CLAY. Mr. Chairman, I yield the balance of my time to the gentleman from California (Mr. LARSON).

Mr. LARSON. Mr. Chairman, I rise in support of this amendment. Clearly and fundamentally I believe our public education system, and especially our teachers, need all the support that they can get to assist themselves in integrating voice, video and data in their instruction to make sure that our students are equipped to compete in the 21st century.

I have proposed a series of bills myself that focus on this subject matter and concur with the authors of this fine amendment, the gentleman from Delaware (Mr. CASTLE) and the gentleman from Kentucky (Mr. FLETCHER), and agree that moving forward and providing teachers with the opportunity to provide enhanced technological education within our classrooms is the best way for us to compete in a global economy in the future.

Mr. CASTLE. Mr. Chairman, I yield the balance of my time to the gentleman from Pennsylvania (Mr. GOODLING), the distinguished chairman of the Committee on Education and the Workforce.

Mr. GOODLING. Mr. Chairman, I rise in strong support of the amendment of the gentleman from Delaware. One of the worst things we have done to teachers over the years is every time some new curriculum or some new method of instruction or some new technology arrived on the scene, we stuck it in front of them but did nothing to prepare them to use it. It was totally unfair to the teachers and, of course, not helpful to the students.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware (Mr. CASTLE).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 4 printed in House Report 106–240.

AMENDMENT NO. 4 OFFERED BY MR. MCINTOSH

Mr. McINTOSH. Mr. Chairman, pursuant to the rule, I offer amendment No. 4.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. MCINTOSH:

Page 15, after line 10, insert the following:

''(6) A description of how the State will ensure that local educational agencies will comply with the requirement under section 2033(b)(5), especially with respect to ensuring the participation of teachers and parents.

Page 26, after line 9, insert the following:

''(5) A description of how the local educational agency has collaborated with teachers, principals, parents, and administrators in the preparation of the application.

Page 28, line 20, after ''principles,'' insert ''parents,''.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from Indiana (Mr. MCINTOSH) and a Member opposed each will control 5 minutes.

Mr. CLAY. Mr. Chairman, I ask unanimous consent to control the time on this side.

The CHAIRMAN. Without objection, the gentleman from Missouri (Mr. CLAY) will control the time in opposition.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. MCINTOSH).

Mr. MCINTOSH. Mr. Chairman, I yield myself such time as I may consume, and I rise in support of the bill and to offer this amendment which strengthens the Teacher Empowerment Act's accountability by providing for parental and teacher involvement in Teacher Empowerment Act activities. It accomplishes this goal in two ways:

One, it ensures that the local education authority show that they have included parents and teachers in their applications for funding. Second, the amendment asks States to ensure that the local education agencies work to get parent and teacher participation in the building of professional development programs for teachers.

The reason I am offering this amendment is simple: greater parental involvement means greater accountability and, more importantly, a better education for our children. Schools should not just be accountable to Washington. They must also be accountable to the parents of our children. By giving parents a greater role in deciding how schools will meet the TEA requirements, we ensure a better use of funds.

The bill also ensures that teachers are involved in the developing of these plans. In many cases, professional development programs have been implemented without any teacher input. The problem with this should be obvious to everyone. With the increased oversight this provision will bring, it is far more likely that these programs will be highly qualified and will add to a high quality of enhanced professional development and will be based on improving teachers' ability to teach in the core academic subjects as opposed to simply providing for the type of professional development in bulletin board management.

Everyone knows that parental involvement in their children's education makes a critical difference in their child's level of educational achievement. In the same way, parental involvement in the needs assessment and direction setting at schools can make an important contribution to how well these schools meet the needs of their students.

Parents are in the best position to help assess the needs of their children. Children who come from different populations have different educational challenges. Parents are in a strong position to help the schools set goals and their directions. They are in the best position to help the schools succeed in meeting these educational goals.

Now, my amendment is not a radical new proposal. The Eisenhower Math and Science program already requires this type of parental involvement, and this amendment simply extends this provision to all of the activities funded under the Teacher Empowerment Act.

In my hometown of Muncie, Indiana, the parental involvement component of the Eisenhower provision is being met in various ways. Parents are invited to take part in the needs assessment and surveys which help our schools to know where they are succeeding and, frankly, where they are failing. Parents are invited to form school-level committees to help the schools decide how best to make use of the new grant money from the Federal Government.

Now, often parents are also invited by the schools to participate in the training program that is funded through the Eisenhower grant. This is taking place especially under the program's technology and science grants. Often schools invite any parent who is interested in learning a certain computer or science skill that is being taught to participate in the program. In many cases, the parents' involvement in Muncie with the learning, from the planning stage to the classroom application, has the result of improving their parenting skills, especially with respect to children and their homework.

In short, the Muncie community schools realize that parent involvement is important, support is necessary for success, and join us in achieving this goal in this legislation.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. McINTOSH. I yield to the gentleman from New York.

Mr. OWENS. Mr. Chairman, I have a question I just wanted to clarify regarding the way the gentleman measures parental involvement. Under present law, there is a requirement in Title I that 1 percent of the funds must be available to the parents for parental involvement purposes. Does the gentleman have any way to measure or monitor any requirement that they carry out the parent involvement part of the bill?

Mr. McINTOSH. Reclaiming my time, Mr. Chairman, if I may, let me address the gentleman's question. This provision does not touch Title I at all, so it leaves it exactly as it is under current law.

And let me also address a concern that we have heard from some other Members. It is not a mandate in the sense of how schools must have parental involvement. It is simply an acknowledgment that it is important and

a requirement that they tell us what they are doing to include parental involvement. How they do it we are leaving very much up to the local school, recognizing that each school will have different needs and different approaches that work better in their population.

Finally, I want to make one thing very clear. I think this amendment, and in the case of the Muncie school program, indicates that there are multiple ways of including parental involvement in programs. And I firmly believe our school districts and not Congress are in the best position of how to implement that goal. But this amendment strives to put squarely into the law the goal of achieving more parental involvement in our school system and in our professional development.

Mr. Chairman, I ask my colleagues to vote in favor of the amendment and the bill.

Mr. CLAY. Mr. Chairman, I have no requests for time, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. MCINTOSH).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 5 printed in House Report 106–240.

AMENDMENT NO. 5 OFFERED BY MR. FLETCHER

Mr. FLETCHER. Pursuant to the rule, I offer amendment No. 5.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. FLETCHER:

Page 24, after line 13, strike ''and'' at the end;

Page 24, after line 18, strike the period at the end and insert ''; and''.

Page 24, after line 18, insert the following:

''(H) professional development programs that provide instruction in how to teach character education in a manner that—

''(i) reflects the values of parents, teachers, and local communities; and

''(ii) incorporates elements of good character, including honesty, citizenship, courage, justice, respect, personal responsibility, and trustworthiness.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from Kentucky (Mr. FLETCHER) and a Member opposed each will control 5 minutes.

Mr. CLAY. Mr. Chairman, I ask unanimous consent to control the time on this side.

The CHAIRMAN. Without objection, the gentleman from Missouri (Mr. CLAY) will control the time in opposition.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. FLETCHER).

Mr. FLETCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, once again I would like to commend the committee chairman, the gentleman from Pennsylvania (Mr. GOODLING), for his work on this Teacher Empowerment Act.

No one can argue that parents have the primary responsibility for raising their children, and there is no substitute for a strong family that prays together, reads together, and spends time together. Unfortunately, many of our children are not receiving the attention from parents that they need. The average American child spends almost 20 hours a week watching television and less than an hour in meaningful conversation with a parent.

Next to parents, the most important factor in whether or not a child succeeds academically is the quality of the teachers in the classroom. Children spend 6 hours a day in the classroom, at least 30 hours a week, more than the time they spend watching TV and talking with their parents combined.

Every parent should be confident that the person standing in front of his or her child's classroom is both knowledgeable and qualified. Unfortunately, this is not always the case. The Teacher Empowerment Act gives States the flexibility to use Federal education dollars to promote innovative reforms to improve teacher quality, reduce class size, and ensure quality professional development.

Too often the lessons our children learn in school fail to emphasize the importance of citizenship and respect. The first step towards fixing this problem is giving teachers the training necessary to convey these ideas to our children in an effective and positive manner.

History and literature are full of lessons on character that we should share with our youth. American history, from the creation of the Constitution to the Civil War and up through the Civil Rights Movement, is replete with examples of the importance of character in our society. Teachers must build upon this historical foundation accordingly. Unfortunately, character education is often absent in teacher training.

A constituent from my district recent contacted me saying that they were interested in introducing character education but really were not sure where to start. My amendment answers that question. It allows the use of professional development dollars to instruct teachers on teaching character education that reflects the values of parents and the local community.

This amendment accompanies and augments the amendment I offered to the Consequences for Juvenile Offenders Act earlier this summer, which received overwhelming support. This amendment states that character education should incorporate elements such as honesty, citizenship, courage, justice, personal responsibility, and trustworthiness.

These virtues are the hallmark of a civilized society, and I do not believe that anyone could argue with their inclusion in a child's education.

Today's students are tomorrow's leaders, and I ask my colleagues to join me in supporting this amendment to help our teachers equip our students for the moral and academic challenges of the 21st century.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I have no requests for time, and I yield back the balance of my time.

Mr. FLETCHER. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska (Mr. TERRY).

Mr. TERRY. Mr. Chairman, I am pleased to support the Fletcher amendment. As parents of two young boys approaching school age, my wife and I share some serious concerns. During their 12 years in elementary, middle and high school my sons will end up nearly spending as much time directly or indirectly with their teachers as they will with us.

As all other parents, we want to do everything possible to give our children a quality education. Not only do we want them to learn the academic basics, but we want them to make sure that schools are contemplating what we are teaching our children at home about character and values.

The Fletcher amendment supplements the underlying bill by permitting the use of funds for character education. It will let local school systems train teachers how to more effectively communicate the values of our local communities.

The character traits of honesty, citizenship, courage, justice, respect, personal responsibility, and trustworthiness are as important to a child's success in life as reading and math, and I urge its approval.

Mrs. MORELLA. Mr. Chairman, I rise in support of the Castle/Fletcher amendment that will provide teachers with the technology training they need to meet the classroom challenges of the 21st century.

I am the sponsor and author of the Teacher Technology Training Act of 1999 (H.R. 645) that would include technology in teacher training and professional development programs authorized under the Elementary and Secondary Education Act (ESEA). The Castle/Fletcher Amendment is very similar to the Teacher Technology Training Act of 1999. Under both the Amendment and the Training Act, school districts and local education agencies that receive federal funding would have to provide training for teachers in the sue of education technology.

Technology is changing our world. It is the engine that is driving our economy as we turn the corner into a new century. It affects the way we communicate, the way we conduct commerce, and the way our children learn in school. Our students are in the midst of a technology revolution that has paved the way for limitless possibilities in the classroom.

However, with all of its possibilities, technology alone cannot improve our system of education. Technology can provide little educational benefit, without the help of the classroom teacher. The classroom teacher is the key to success in bringing technology into our schools in a meaningful way.

All too often, however, teachers are expected to incorporate technology into their instruction without being given the training to do so. A recent study by the Education Department's National Center for Education Statistics shows that only one in five teachers nationwide feel that they are prepared to use modern technology in the classroom.

That is why I introduced the Teacher Training in Technology Act, and that is why I urge my colleagues to vote ''yes'' on the Castle-Fletcher amendment.

Mr. LARSON. Mr. Chairman, I rise today in support of the Castle-Fletcher amendment to the Teacher Empowerment Act to increase teachers knowledge of classroom technology. It is vitally important, as we approach the 21st century, that in order to remain competitive in the global economy, we adapt and, indeed, stay ahead of the revolutionary technological advances that are changing our lives on a daily basis.

Once a mere concept, the knowledge based economy is now a reality. I have often heard mentioned that the leap technology has taken is analogous to going from the dark ages to the renaissance, from cloistered monks scrolling information for the scholarly few to Gutenberg inventing movable type, and exposing the masses to the knowledge contained in books. It is indeed a momentous change. But to maintain our position in the global stage, we must make sure that we integrate technology into our society at the most important stage of our children's development. We must integrate technology into our children's classrooms.

To help our children maintain their competitive advantage in the Information Age, we must give our teachers the tools they need to integrate technology in the classroom. With this amendment we take a positive step in this direction. This amendment would allow professional development programs funded under the Act to provide training for teachers in the uses of technology and its uses in the classroom to improve teaching and learning. It would also provide state funds to Local Education Agencies and Higher Education Partnerships for development of programs that train teachers how to use technology in the classroom.

The amendment is important because integrating technology into the classrooms is not just about wiring schools to the Internet. It is also about making sure that we integrate all aspects of technology, including voice, video, data and distance learning, into the curriculum and that we do so effectively. Our teachers should be trained to develop innovative ways to include technology in teaching our children. Not just to teach our children to surf the Web—although I suspect that it is not the children who need help in this area—but also to develop ways to use technology in actual subject matter.

As a former teacher and father of three children, it is quite evident to me that a comprehensive approach should be developed to place our children in a position to excel in this new economy. To that effect, I recently introduced a bill that will develop a strategic plan to create a national technological infrastructure to connect public schools to the information superhighway. It is only the first step in a three-pronged strategy that will include infrastructure support, teacher enhancement, and child development. In the meantime, I will continue to be a strong supporter of efforts that move our classrooms into the 21st century.

In closing, Mr. Chairman, I want to thank the gentlemen from Delaware, Mr. CASTLE and the gentleman from Kentucky, Mr. FLETCHER for their vision in offering this amendment to improve the efficiency of our teachers and to prepare our children for the challenges they will face in the coming century. I urge all my colleagues to support this amendment.

Mr. HAYES. Mr. Chairman, I rise in support of Mr. FLETCHER's amendment. As my colleagues know I was a cosponsor on this amendment to H.R. 1501, the Juvenile Justice legislation several weeks ago.

Over the Fourth of July recess, I held a forum in my home town of Concord, North Carolina to discuss the influence of entertainment and the media on the growing problem of youth violence. I invited teachers, parents, school administrators, students and concerned citizens to join me in a community discussion to raise awareness of our citizens that we must all work together to support our children.

There was a consensus that we must restore some much needed balance to legislation that impacts our nation's culture. Local educators expressed the need to teach character education in our schools. Parents agreed that the values and morals that are taught at home should be reinforced at school. And Administrators asked for the tools and support to work with parents and community organizations to provide substantive after school programs.

I encourage my colleagues to support this amendment and support our teachers and school administrators by making character education development programs available so teachers and parents can work together to craft a curriculum that reflects the values of their community.

□ 1600

Mr. FLETCHER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. FLETCHER).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 6 printed in House Report 106–240.

AMENDMENT NO. 6 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. ANDREWS: Page 24, after line 20, insert the following: ''(5) Professional activities designed to improve the quality of principals.''.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from New Jersey (Mr. ANDREWS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. ANDREWS).

Mr. GOODLING. Mr. Chairman, I am not opposed to the amendment, but I ask unanimous consent to control the time in opposition.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ANDREWS. Mr. Chairman, I yield myself such time as I may consume. I believe we can briefly and expeditiously move through this amendment. There is a strong bipartisan consensus in the committee and I believe in this House for the proposition that well-trained, well-prepared educators should interact with our children on a regular basis. There has been much good work done here today on the issue of training teachers. We may disagree over some of the particulars, but we all agree on the proposition that well-motivated and trained teachers are a real asset to our education system. I believe that that same principle should extend to the principals of our schools around the country.

One of the key differences between a succeeding school and a failing school is the presence or absence of an empowered, motivated leader serving in the principal's office. The gentleman from Wisconsin (Mr. KIND) has contributed some significant work to this bill for which I applaud him, and I am trying to supplement what he has already done by suggesting in this amendment that one of the criteria which ought to be evaluated with respect to the professional development plans submitted by school districts under this bill is their plan for and preparations for a comprehensive program of principal development and training. The principal really is both the chief executive officer and the chief operating officer of the school. He or she is financial planner, medical adviser, social worker, business manager, mentor, referee, community liaison, ambassador and many, many other things. It is a job that requires updating and recharging of one's batteries.

So the purpose of this amendment is to be sure that those considerations are taken into account when the professional development plans are offered.

Mr. Chairman, I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. SHAW).

Mr. SHAW. I thank the gentleman for yielding me this time.

Mr. Chairman, I want to speak on this amendment as it ties into the previous amendment with regard to ethics. So often the only quality time that a child spends today with both parents

working, with the TV blaring at home, is the time spent with teachers, with the principals of the schools, those people who set the agenda in life.

I think it is vitally important that we do teach values and that these things become part of the curriculum and that the teachers are properly instructed in ways of such teaching. It is not just automatic, the teaching of ethics and values in today's world. I think when we see that the children and the teachers that we have put so much responsibility in, I think it is only right that they become part of the overall scheme of building not only the education but also the character of the young people today.

Mr. ANDREWS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Chairman, I thank the gentleman from New Jersey for yielding me this time. I also want to commend him for this very important amendment. I would encourage my colleagues to support this amendment.

This amendment recognizes the important role that principals play in school districts throughout the country. You ask any teacher, you ask any parent who is at all involved with their schools, and they will tell you the important role that principals play. They establish the theme, the spirit, the energy, the leadership that is crucial to making the vitally important educational reforms that are necessary in order to improve the quality of education for our kids.

It was based on that recognition that I worked with the leadership on both sides of the aisle in order to get a special provision included in the bill addressing the importance of training and professional development programs geared towards principals but also for administrators and superintendents, so that they have the ability to upgrade and improve their skills. School districts, when they are out trying to find qualified people to fill these roles, will, hopefully, have an easier and better time in finding the right people to perform this important role. There is nothing more frustrating than for a school board to have to go through multiple interviewing rounds to fill a principal position or a superintendent position because they cannot find the right fit or a qualified person to do the job. That is why I think this amendment is particularly important.

There is one principal in my district who I would like to commend and specifically recognize right now. Her name is Heather Grant, and she is the principal of Lincoln Elementary School in Eau Claire, WI. I had the opportunity to visit that school and meet with her, her staff and teachers and discuss at length with them their program for change and the reforms they were implementing to improve the quality of teaching and improve the reading skills of their pupils. Ms. Grant, through her own initiative and energy, went out and obtained a comprehensive school reform grant, an Obey-Porter grant. They are now implementing Success for All at the elementary school with the funds from that grant.

I can't describe how much fun it was to walk into those classes and see the sparkle and the energy in the students' eyes, meeting the teachers, listening to how they and the parents have bought into the school reform problem under the leadership of Principal Grant, and witnessing the superintendent and the community working together. That is why I think this is an important amendment. It's meant to benefit the Heather Grants and all future principals across the country. Again, I would encourage my colleagues to support it.

Mr. GOODLING. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I support strongly the Andrews amendment. I appreciate his putting the hard work into this. We just had a hearing in Concord about a week ago now. I was amazed at the number of principals and teachers that came and talked about the kind of assistance that they would like to have. This amendment helps them.

On the Fourth of July, I held a forum, as I said, to discuss the influence of entertainment in the media on the growing problem of youth violence. I invited the teachers and parents to come. Many citizens did just that. They discussed the awareness of citizens, that we must all work together to support our children. There is a consensus that we must restore much-needed balance to legislation that impacts our culture. Local educators expressed the need to reach out and teach character education in our schools.

Parents agree that the values and morals that are taught at home should be reinforced at school. Administrators ask for the tools and support to work with parents and community organizations to provide substantive programs for after school.

I encourage my colleagues to support this amendment and support our teachers and school administrators by making character education development programs available to teachers and parents so that they can work together to craft a curriculum that reflects the values of their community.

I thank the gentleman from New Jersey again for this amendment.

Mr. ANDREWS. Mr. Chairman, I yield myself such time as I may consume. In conclusion, I appreciate the kind words my colleagues have said. I learned well from my late father-in-law, Dr. Alan Emerson Wolf, a career educator in the Pennsylvania public schools, as is the chairman of this committee, that well-empowered, well-trained principals are a key to quality public education. That is the idea behind this amendment.

I would urge my colleagues to support it.

Mr. Chairman, I yield back the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield myself the balance of my time.

Thanks to the help of the gentleman from Wisconsin (Mr. KIND), TEA currently includes many of the provisions related to the needs of principals. Perhaps no one in the Congress knows those needs better than I, since I spent 10 years in that capacity.

Specifically under the legislation, it provides for developing and implementing an effective mechanism to assist local educational agencies and schools in effectively recruiting and retaining highly qualified and effective teachers and principals.

In addition, language was added as part of the en bloc amendment which will allow the Secretary to fund projects to provide professional development for principals as leaders of school reform.

The bill also includes language to ensure that principals are involved in extensive participation in professional development programs. This amendment just adds to making sure that principals are given great consideration because they will pretty well determine what happens within a school building.

The CHAIRMAN pro tempore (Mr. EWING). The question is on the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

The amendment was agreed to.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 7 printed in House Report 106–240.

AMENDMENT NO. 7 OFFERED BY MR. KUCINICH

Mr. KUCINICH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. KUCINICH:

Page 35, after line 7, insert the following:

"SEC. 2043. NATIONAL CLEARINGHOUSE FOR TEACHER ENTREPRENEURSHIP.

''The Secretary may award a grant or contract to an organization or institution with substantial experience in entrepreneurship education to establish and operate a National Clearinghouse for Teacher Entrepreneurship to coordinate professional development opportunities for teachers, collect and disseminate curricular materials, and undertake other activities to encourage teacher interest and involvement in entrepreneurship education, particularly for teachers of grades 7 through 12.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 253, the gentleman from Ohio (Mr. KUCINICH) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio (Mr. KUCINICH).

Mr. GOODLING. Mr. Chairman, I am not opposed to the amendment, but I ask unanimous consent to control the 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KUCINICH. Mr. Chairman, I yield myself such time as I may consume.

I first of all want to thank the gentleman from Pennsylvania for his encouragement of this idea. Our long running discussion about this has been very productive.

I come before my colleagues today, Mr. Chairman, with an amendment, working with the gentleman from New Jersey (Mr. ANDREWS), to create a national clearinghouse for teaching entrepreneurship. The purpose is to establish a network for the efficient distribution of Federal resources in schools and having those resources distributed to schools and local educational agencies to teach entrepreneurship skills to junior high and high school students. The clearinghouse would coordinate professional development opportunities, collect and distribute materials and support activities which encourage teachers' interest in entrepreneurship education.

The latest research shows there are about 4 million new businesses created in the U.S. each year, creating new jobs and new opportunities for new business activity for existing businesses. As a former small businessperson, I have experienced the challenges of starting and successfully operating a new enterprise. I believe that education and training in entrepreneurship skills will give junior high and high school students the basic knowledge of our economy, self-esteem and sense of individual opportunity that they need to excel in our modern high-tech economy. The multiple dimensions of entrepreneurship education will help to nurture an ethic of personal responsibility in our young people and expand the career opportunities available to them.

Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Chairman, I thank my coauthor of the amendment, the gentleman from Ohio (Mr. KUCINICH), and I thank the gentleman from Pennsylvania (Mr. GOODLING), the gentleman from Delaware (Mr. CASTLE), the gentleman from California (Mr. MCKEON) and the gentleman from Missouri (Mr. CLAY) for their cooperation in this.

I think there is broad consensus that no child should have to sit at the back of the bus educationally or economically. This amendment is making sure that every child if he or she is willing to work for it and has the ability not only does not have to sit at the back of the bus but can own the bus company someday. This is an idea about introducing very young people to the idea that they can take their creative energies, pour them into the founding and growth of a business and accomplish, many, many things. This is an idea that marries the best impulses of both political traditions. It recognizes the importance of government acting affirmatively to provide opportunities to young people who may not have that opportunity through the public education system, and it recognizes the provocative power of the private sector in developing new products, creating jobs and expanding this country's great technological lead around the world.

I know that the gentleman from Ohio has seen in Ohio and around the country as I have seen in New Jersey the great promise and enthusiasm that young people have when they are enlightened at an early age to the power of entrepreneurial work. Educating our teachers to enlighten children and young people as to that is a very worthy goal.

□ 1615

So I was proud to work with him on this amendment. I appreciate very much the considerations being given by both the majority and minority on the committee, and I would urge its adoption.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Obviously the word ''entrepreneurship'' is a Republican word; there is no question about that. So we are very happy to accept the amendment the gentleman from Ohio has offered.

Mr. Chairman, I yield back the balance of my time.

Mr. KUCINICH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman I want to thank the gentleman from Pennsylvania (Mr. GOODLING) for his assistance on this. I also want to thank especially our leader on our side of the aisle, the gentleman from Missouri (Mr. CLAY). As my colleagues know, he was the one who encouraged me to join the Committee on Education and the Workforce, and I am very grateful for that because it gave me a chance to work with some of the finest Members of this Congress, and I want to thank the gentleman from Missouri for the opportunity to come forward with an amendment like this which has the support of both sides of the aisle. I really appreciate the help that he has given me to be able to take this the distance.

So I want to again thank the gentleman from Missouri (Mr. CLAY) and the gentleman from Pennsylvania (Mr. GOODLING).

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KUCINICH).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 8 printed in House Report 106–240.

AMENDMENT NO. 8 OFFERED BY MR. HILLEARY

Mr. HILLEARY. Mr. Chairman, pursuant to the rule, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. HILLEARY:

Page 36, after line 15, insert the following:

"SEC. 2043. RURAL TEACHERS.

''(a) IN GENERAL.—The Secretary may award grants on a competitive basis to rural eligible local educational agencies to carry out activities described in subsection (b).

''(b) USE OF FUNDS.—A rural eligible local educational agency that receives a grant under this section may use such funds to develop incentive programs—

''(1) to recruit and retain qualified teachers; and

''(2) to provide high-quality professional development to teachers.

''(c) APPLICATION.—To be eligible to receive a grant under this section, a rural eligible local educational agency shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

''(d) DEFINITIONS.—For purposes of this section:

''(1) METROPOLITAN STATISTICAL AREA.—The term 'metropolitan statistical area' has the meaning given such term by the Bureau of the Census.

''(2) RURAL ELIGIBLE LOCAL EDUCATIONAL AGENCY.—The term 'rural eligible local educational agency' means a local educational agency—

''(A) that is not located in a metropolitan statistical area; and

''(B) in which there is a high percentage of individuals from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))).

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from Tennessee (Mr. HILLEARY) and a Member opposed each will control 5 minutes.

Does any Member rise in opposition to the amendment?

Mrs. CLAYTON. Mr. Chairman, I ask to control the time, although I am not in opposition.

The CHAIRMAN. Without objection, the gentlewoman from North Carolina (Mrs. CLAYTON) will be recognized for 5 minutes.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. HILLEARY).

Mr. HILLEARY. Mr. Chairman, I yield myself such time as I may consume.

First, I would like to begin by thanking the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from California (Mr. MCKEON) for their work on this legislation. As a fairly

junior Member on this committee, I have been ecstatic with the work all my colleagues put in on this act, and I am confident this legislation is going to provide our teachers with a great tool to excel.

I also feel strongly that benefits of this legislation must reach all our communities across the country, and that is the reason for this amendment. This amendment will allow the Secretary of Education to direct a portion of the general funds in this act to rural impoverished areas. Often these areas find it hard to attract and retain teachers. As a result, teacher shortages and high turnover are commonplace in regions like Appalachia in my home State as well as other rural communities in almost every other State across the country.

Under this amendment, a needy rural school district can prevent a mass exodus of qualified teachers by first creating incentive programs to retain teachers; second, improving the quality of the teachers through enhanced professional development; and, third, by hiring new teachers.

While larger school districts often have professional grant writers who fill out applications for Federal outlays, poor rural communities are sometimes overlooked not on purpose but simply because they do not have the resources to fill out the mountain of Federal paperwork required to obtain these funds. This reality comes at the expense of children who desparately need these funds.

I want to stress that this amendment is structured to provide the Secretary of Education with an allowable use of funds. Thus this amendment in no way mandates the creation of a new program which will take away one penny from urban or other areas that would not qualify.

So, Mr. Chairman, I ask my colleagues to support our schools in need and support the Hilleary amendment.

Mr. Chairman, I reserve the balance of my time.

Mrs. CLAYTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on April 29, 1999, I introduced a bill entitled the Rural Teacher Recruitment Act of 1999. I support this amendment because it is very similar to the bill that I introduced. I congratulate the gentleman from Tennessee (Mr. HILLEARY) for his leadership and his sensitivity to the rural community. The Rural Teachers Amendment Act is a much needed measure designed to address teacher shortage, recruitment and retention, especially in rural communities. Recruiting and retaining quality teachers is so important yet very difficult in schools across the Nation.

Our accomplishing this goal in rural areas is even a greater task. That is because there is little or no motivation for teachers to teach and remain in rural districts. This amendment offers an incentive that encourages teachers to teach in these unrepresentative areas. The amendment allows rural local education agencies to submit an application to the Secretary of the Department of Education for a grant to develop incentive programs for the recruitment of new teachers to provide instruction in those areas.

As we move into the 21st century, it is time to ensure that we have talented, dedicated and qualified teachers. We must, however, give new teachers a reason to favor providing structure in rural districts. We must reduce the shortage of quality teachers in areas where they are needed the most. Without these teachers, our communities, our children are the ones who suffer. This amendment will help make sure that every community and most of all the rural communities would be represented and with quality teachers.

I, therefore, Mr. Chairman, urge all of my colleagues to support this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. HILLEARY. Mr. Chairman, I thank the gentlewoman from North Carolina for her comments, and I yield 30 seconds to the gentleman from Pennsylvania (Mr. GOODLING), chairman of the Committee on Education and the Workforce.

Mr. GOODLING. Mr. Chairman, I would hate to oppose this amendment because not only would I have to deal with the gentleman from Tennessee (Mr. HILLEARY), but can my colleagues imagine getting in the elevator alone with the gentlewoman from North Carolina (Mrs. CLAYTON), and the door goes shut, what would happen if I would oppose this amendment?

So I am happy, Mr. Chairman, to support the amendment.

Mrs. CLAYTON. Mr. Chairman, I think that is an endorsement from the chairman of the Committee on Education and the Workforce.

Mr. Chairman, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I thank the gentlewoman from North Carolina for yielding this time to me. I also thank her for her work on identifying rural America as having unusually important needs in the area of recruitment and retention of teachers, for legislation she introduced which I cosponsored is very, very similar to the amendment offered by the gentleman from Tennessee (Mr. HILLEARY) and I commend him for his amendment.

North Dakota, just for an example, reported recently that nearly one-third of its public school teachers are over the age of 50, and we have so many parts of the State that are depopulating, becoming even more difficult to recruit and retain State teachers. Our classroom performance of our students is at or near the top on so many important benchmarks, and clearly quality classroom teachers has been a cornerstone of the success of North Dakota public education.

But we need help; we need the kind of help that the amendment of the gentleman from Tennessee (Mr. HILLEARY) offers, and I appreciate very much the support my colleagues are giving to those rural areas struggling to maintain quality public schools.

Mr. HILLEARY. Mr. Chairman, I yield the remainder of my time to the gentleman from Nebraska (Mr. BARRETT).

Mr. BARRETT of Nebraska. Mr. Chairman, I thank the gentleman for yielding this time to me, and Mr. Chairman, I am very pleased to rise in support of the Hilleary amendment to H.R. 1995. I know from experience that small rural schools do a very good job of educating students. Rural school students benefit from small classes and personalized learning experiences and opportunities to participate in extracurricular activities, personal relationships with teachers and administrators and certainly strong parental and community involvement.

In fact, about 20 percent of the students in this country actually attend rural schools, and many of those schools are in my congressional district. Despite all of the benefits of rural school environment, too often rural schools are faced with serious problems, developing, attracting and retaining good teachers, highly qualified teachers. There are a lot of reasons for these problems ranging from lifestyle issues and isolated communities to a successful economy that attracts highly qualified potential teachers into other career fields.

The amendment would not in any way increase the authorization level of the bill. It simply recognizes some of the unique challenges faced by rural school districts and allows them the option of addressing these challenges through the Teacher Empowerment Act.

I certainly wholeheartedly support the amendment, Mr. Chairman.

Mrs. CLAYTON. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. ETHERIDGE), one of the greatest educators of this Nation who was a former State superintendant of education in North Carolina.

Mr. ETHERIDGE. Mr. Chairman, I support the amendment offered by the gentleman from Tennessee for rural education. This amendment is essentially the Clayton bill for rural needy schools, which I strongly support and which I am an original cosponsor. I commend my home State colleague for her leadership in this important area.

Mr. Chairman, I grew up on a farm in rural Johnston County, and I know that we have some wonderful teachers

in our rural schools. But as a former State superintendent, I also know that rural schools often face the most daunting challenges for quality education. Rural schools often lack the tax base to support investments in strong schools. They also lack the population base needed to gain many of the formulas for government assistance.

That is why this amendment is so important and we must pass this vital assistance for rural schools.

Mr. Chairman, I must say though that I oppose this underlying bill because, as I have said before, block granting needed investments, cutting funding and disenfranchising State education agencies and shifting the government structure over to governors is the wrong way to improve our schools. But, as this bill moves forward, I urge my colleagues to support this amendment for rural schools so that the final legislation can produce the best possible bill for our children.

Mrs. CLAYTON. Mr. Chairman, I yield the balance of my time to the gentleman from Louisiana (Mr. JOHN).

Mr. JOHN. Mr. Chairman, I thank the gentlewoman from North Carolina (Mrs. CLAYTON) for yielding this time to me.

Many parts of rural America have had a difficult time in sharing the prosperous economic times that we have all enjoyed due to declining farm prices and farm income and the natural disasters. And to make matters worse, many of our rural schools have been struggling with limited tax bases, and some simply do not have the resources available to compete competitively with other school districts that have more students and more resources.

I think that it is time that this gentleman bring this amendment in front of us today because it is important for our rural schools. I look forward to working with him to address the problems of limit shrinking and disappearing tax bases, hiring and retention of qualified teachers which is so very important, high transportation costs, crumbling buildings and limited course offerings and limited resource.

I have introduced in Congress the Rural Education Development Initiative, a bill very similar to what has been talked about here, a bill that shoots right at the heart of what I think is very important for our educating of rural schools, to help our needy students that live in the rural impoverished schools across America. I want to thank the gentleman also from Tennessee for bringing this issue to the floor today, and I think that it makes great strides in addressing some of the most important issues, I believe, that can be, and that is addressing educating our rural schools.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Tennessee (Mr. HILLEARY).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 9 printed in House Report 106–240.

AMENDMENT NO. 9 OFFERED BY MR. ROEMER

Mr. ROEMER. Mr. Chairman, pursuant to the rule, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. ROEMER:

Page 36, after line 15, insert the following:

"SEC. 2043. TRANSITION TO TEACHING.

''(a) PURPOSE.—The purpose of this section is to address the need of high-need local educational agencies for highly qualified teachers in particular subject areas, such as mathematics, science, foreign languages, bilingual education, and special education, needed by those agencies, following the model of the successful teachers placement program known as the 'Troops-to-Teachers program', by recruiting, preparing, placing, and supporting career-changing professionals who have knowledge and experience that will help them become such teachers.

''(b) PROGRAM AUTHORIZED.—

''(1) AUTHORITY.—The Secretary is authorized to use funds appropriated under paragraph (2) for each fiscal year to award grants, contracts, or cooperative agreements to institutions of higher education and public and private nonprofit agencies or organizations to carry out programs authorized by this section.

''(2) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated $9,000,000 for fiscal year 2000 and such sums as may be necessary for each of fiscal years 2001 through 2004.

''(c) APPLICATION.—Each applicant that desires an award under subsection (b)(1) shall submit an application to the Secretary containing such information as the Secretary requires, including—

''(1) a description of the target group of career-changing professionals upon which the applicant will focus its recruitment efforts in carrying out its program under this section, including a description of the characteristics of that target group that shows how the knowledge and experience of its members are relevant to meeting the purpose of this section;

''(2) a description of the training that program participants will receive and how that training will relate to their certification as teachers;

''(3) a description of how the applicant will collaborate, as needed, with other institutions, agencies, or organizations to recruit, train, place, support, and provide teacher induction programs to program participants under this section, including evidence of the commitment of those institutions, agencies, or organizations to the applicant's program;

''(4) a description of how the applicant will evaluate the progress and effectiveness of its program, including—

''(A) the program's goals and objectives;

''(B) the performance indicators the applicant will use to measure the program's progress; and

''(C) the outcome measures that will be used to determine the program's effectiveness; and

''(5) such other information and assurances as the Secretary may require.

''(d) USES OF FUNDS AND PERIOD OF SERVICE.—

''(1) AUTHORIZED ACTIVITIES.—Funds under this section may be used for—

''(A) recruiting program participants, including informing them of opportunities under the program and putting them in contact with other institutions, agencies, or organizations that would train, place, and support them;

''(B) training stipends and other financial incentives for program participants, not to exceed $5,000 per participant;

''(C) assisting institutions of higher education or other providers of teacher training to tailor their training to meet the particular needs of professionals who are changing their careers to teaching;

''(D) placement activities, including identifying high-need local educational agencies with a need for the particular skills and characteristics of the newly trained program participants and assisting those participants to obtain employment in those local educational agencies; and

''(E) post-placement induction or support activities for program participants.

''(2) PERIOD OF SERVICE.—A program participant in a program under this section who completes his or her training shall serve in a high-need local educational agency for at least 3 years.

''(3) REPAYMENT.—The Secretary shall establish such requirements as the Secretary determines appropriate to ensure that program participants who receive a training stipend or other financial incentive under paragraph (1)(B), but fail to complete their service obligation under paragraph (2), repay all or a portion of such stipend or other incentive.

''(e) EQUITABLE DISTRIBUTION.—To the extent practicable, the Secretary shall make awards under this section that support programs in different geographic regions of the Nation.

''(f) DEFINITIONS.—As used in this section:

''(1) The term 'high-need local educational agency' has the meaning given such term in section 2061.

''(2) The term 'program participants' means career-changing professionals who—

''(A) hold at least a baccalaureate degree;

''(B) demonstrate interest in, and commitment to, becoming a teacher; and

''(C) have knowledge and experience that are relevant to teaching a high-need subject area in a high-need local educational agency.''.

Page 36, line 19, strike ''part,'' and insert ''part (other than section 2043),''.

Page 36, line 21, strike ''4.'' and insert ''4 (other than section 2043).''.

Page 36, line 23, strike ''part,'' and insert ''part (other than section 2043),''.

The CHAIRMAN. Pursuant to House Resolution 253, the gentleman from Indiana (Mr. ROEMER) and a Member opposed each will control 5 minutes.

Does any Member rise in opposition?

Mr. GOODLING. I am not opposed to the amendment, Mr. Chairman, but I ask to control the 5 minutes of time.

The CHAIRMAN. Without objection, the gentleman from Pennsylvania (Mr. GOODLING) will be recognized for 5 minutes.

There was no objection.

□ 1630

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, it is my understanding that we now have, due to the generosity of the gentleman from Pennsylvania (Mr. GOODLING), 3 additional minutes, so that we now have 8 minutes on our side?

The CHAIRMAN. The gentleman is correct.

Mr. ROEMER. I thank the Chairman for the clarification, and I yield myself such time as I may consume.

First of all, Mr. Chairman, I just want to thank my leader on this amendment and cosponsor of this amendment and somebody who has been a tenacious and tireless advocate and very eloquent in his remarks, the gentleman from Florida (Mr. DAVIS) who has worked together with me to put this legislation together, and I want to thank him for his hard work.

Mr. Chairman, our amendment tries to be creative and bold and to address the two issues that are crucial to this bill: How do we reduce class size? How do we improve the quality of teaching in America, with the challenge of bringing in 2 million new teachers over the next 10 years?

Our bill expands on the very successful Troops to Teachers idea that was done with our military several years ago where we brought people out of the military in mid-career with technical skills and math and science skills, and taught them, through an alternative and rigorous method, how to get their teaching certificates. They are now in inner-city schools teaching math and science and doing extremely well.

The bill that I put together along with the gentleman from Florida (Mr. DAVIS) expands on this idea of Troops to Teachers and expands this into the private sector where we want to work with universities, where we want to work with businesses and not-for-profits, and we want to expand on people's dreams of becoming a teacher, and bringing real-life experiences as a doctor, as a retired police officer, as an accountant, a scientist, a researcher, from that real-life experience into the classroom.

Our bill is a competitive grant process. Our bill would allow up to $5,000 as a stipend to help train that individual to bring them into teaching, and our bill would also try to direct many of these people into high-need schools for at least 3 years. So we need 2 million teachers, it expands on the Troops to Teacher idea; it is up to a $5,000 stipend, and the recipients agree to teach in high-need areas.

So I am very excited to have this bill considered by the full House.

Mr. Chairman, I reserve the balance of my time.

Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman has 5 minutes remaining.

Mr. ROEMER. Mr. Chairman, I am delighted to yield 3 minutes to the hard-working gentleman from Tampa Bay, Florida (Mr. DAVIS).

Mr. DAVIS of Florida. Mr. Chairman, I rise today in support of the Roemer-Davis amendment to the Teacher Empowerment Act.

We are approaching an education crisis in our country. Over the next decade, school districts across the country will have to hire an additional 2 million teachers. In my home, Hillsborough County in Tampa, we need to hire 600 teachers alone before school starts in about 3 weeks and 7,000 teachers over the next decade. To meet this need, talented Americans of all ages and all backgrounds need to be recruited to be successful, qualified teachers.

Several years ago, Congress authorized the Troops to Teachers program at the Department of Defense. This program has been successful in recruiting and training over 3,000 men and women who have retired from the military and gone on to serve as math, science and technology teachers. The graduates of this program that I have met have demonstrated a deep commitment to their students and to their profession and have used their life experiences to relate to the young people whom they are teaching.

Due to the downsizing of our military and a shrinking pool of military retirees, we need to find other ways to address this shortage that is developing of teachers. Together with my colleague, the gentleman from Indiana (Mr. ROEMER) and 25 Democratic and Republican cosponsors, we have introduced the Transition to Teaching Act and offer an amendment today very similar to the bill.

The amendment, which is modeled after the Troops to Teachers Act, will target mid-career professionals who are looking for a career change and want to be teachers. This new program does not replace the existing Troops to Teachers program, it simply builds on its success.

We encourage professional associations, business and trade groups, unions and other organizations to follow the military's example and encourage their retiree employees to become teachers. Our amendment is intended to make sure that these men and women get the training they need to become teachers.

The Roemer-Davis amendment will help move people from the board room to the classroom, from the firehouse to the schoolhouse, from the police station on main street to the classroom on main street. Since we introduced the Transition to Teachers Act last month, I have heard from a number of people throughout Florida who have expressed support and excitement for this proposal. I heard from a woman from Tampa who spent more than 20 years as a pharmacist who is considering a career change and would like to be a teacher and sees this bill as a way to help her do that.

Mr. Chairman, the time is now for us to begin dealing with this crisis that is developing. We need to replenish the ranks of our teachers. We need our best and brightest there. We need people whose maturity and life experience can help them reach out to the young people in our classrooms today, and I would urge adoption of the Roemer-Davis amendment.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment builds on current language that we have in this legislation which intends to expand the pool of highly qualified teachers through programs designed to offer alternative routes to teacher certification.

Specifically, it will assist in helping schools that are in need of highly qualified teachers in particular subject areas such as math and science by establishing networks to recruit, prepare, place and support career-changing professionals who have knowledge and experience that will help them become such teachers. In return for this assistance, these individuals would teach in high-need, local educational agencies, and as I have said over and over again all day long, the important thing is that we get well-qualified teachers, particularly in these areas of high need. I support the amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. ROEMER. Mr. Chairman, I yield 1½ minutes to the gentleman from Wisconsin (Mr. KIND), a talented member of the Committee on Education and the Workforce.

Mr. KIND. Mr. Chairman, I thank my friend from Indiana (Mr. ROEMER) for yielding me this time.

I want to commend both him and the gentleman from Florida (Mr. DAVIS) for offering this amendment. I rise as a strong supporter of the Transition to Teaching initiative that is being offered. I think this amendment can only improve the bill that we have been working on all day.

Mr. Chairman, schools across this country will need to hire roughly 2 million additional teachers over the next 10 years because of the impending baby boom retirement trend. Currently, over 25 percent of teachers do not have degrees in the subject areas in which they teach. To address these issues, it is imperative that we attract motivated, qualified, well-educated persons to the teaching profession.

This country has an endless pool of diverse talent that can be tapped for teaching and help fill the gap that will be created in these future years. More and more individuals in America, from a wide range of fields and with a wide range of ages are looking for ways to contribute to society in positive, meaningful ways. This amendment will help

those individuals get started in a career that can give them the personal satisfaction that they seek. Regardless of the career they may be in, we should encourage individuals with real world experience to share their knowledge with our children through actual classroom instruction. This amendment will provide funding to help these people move into a new, challenging and incredibly rewarding career in the teaching profession.

Again, I would like to commend the gentleman from Indiana (Mr. ROEMER) and the gentleman from Florida (Mr. DAVIS) for the work and leadership that they have shown on this issue, and I would encourage my colleagues to adopt this amendment.

Mr. ROEMER. Mr. Chairman, I yield myself the remaining time to conclude by again thanking the gentleman from Florida (Mr. DAVIS) for his hard work, the gentleman from Wisconsin (Mr. KIND) for his words of support, and the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from California (Mr. MCKEON) for their support as well.

I would just encourage my colleagues to support this innovative and bold new idea to try to bring real-life experience and dreams of people that have always wanted to teach into the classrooms. I would also encourage in that process that we continue to look for bolder and more creative ways to work together across the aisle to bring Democratic and Republican bipartisanship to these bills.

Mr. HAYES. Mr. Chairman, I rise in support of this amendment. I especially take interest in the Troops to Teachers program. I am proud to be a sponsor of Congressman JOEL HEFLEY's bill that would reauthorize and strengthen Troops to Teachers. So often we question whether government-designed programs produce the desired effect and benefit our constituents. This program does. I read a letter printed in the Fayetteville (N.C.) Observer-Times in which a constituent of mine wrote in asking for more information about Troops to Teachers. I am submitting for the record a letter I wrote to the newspaper praising this program. Mr. Chairman, this program works and I cannot think of a better way for the men and women in uniform to continue their service to our country after they have completed their active duty.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 19, 1999.

The Editorial Page EDITOR,
The Fayetteville Observer-Times,
Fayetteville, NC.

DEAR EDITOR: I am writing in response to a letter on the Live Wire, Thursday, July 15 regarding the Department of Defense Troops to Teacher Program. I was happy to see there is interest in such a valuable program.

One of the most pressing challenges facing our country is recruiting, training and retaining high quality teachers for our public schools. While many proposals have been suggested to help attract new teachers, this program in particular has been highly successful in bringing qualified teachers into the classrooms. Troops to Teachers assists our men and women in uniform in identifying teaching certification programs and employment opportunities after they have fulfilled their serve to their country.

Troops to Teachers has helped over 3,000 active duty soldiers enter our nation's classrooms and make significant contributions to our schools. There military personnel-turned teachers have established a solid reputation as dedicated and effective educators, who bring unique, real-world experiences to the classroom.

I am a proud cosponsor of the Troops to Teachers Improvement Act of 1999, introduced by Congressman Joel Hefley (R–CO). This bill will re-authorize and strengthen its successful program through 2004. I cannot think of a better way for these qualified and well trained men and women to continue serving their country after they have left the military.

Please feel free to contact our office with any comment or concerns that you may have on Troops to Teachers (or any other issue). You can contact our Washington office at 202/225–3715, and our office here in the 8th district can be reached toll-free at 888/207–1311.

Sincerely,

ROBIN HAYES,
Member of Congress.

Mr. ROEMER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Indiana (Mr. ROEMER).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 10 printed in House report 106–240.

AMENDMENT NO. 10 OFFERED BY MRS. MINK OF HAWAII

Mrs. MINK of Hawaii. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 10 offered by Mrs. MINK of Hawaii:

Page 40, line 24, before the semicolon insert ''and redesignating part E as part D''.

Page 40, strike line 25 and insert the following:

(2) by inserting after section 2260 the following:

"PART C—USE OF SABBATICAL LEAVE FOR PROFESSIONAL DEVELOPMENT

"SEC. 2301. GRANTS FOR SALARY DURING SABBATICAL LEAVE.

''(a) PROGRAM AUTHORIZED.—The Secretary may make grants to State educational agencies and local educational agencies to pay such agencies for one-half of the amount of the salary that otherwise would be earned by an eligible teacher described in subsection (b), if, in lieu of fulfilling the teacher's ordinary teaching assignment, the teacher completes a course of study described in subsection (c) during a sabbatical term described in subsection (d).

''(b) ELIGIBLE TEACHERS.—An eligible teacher described in this subsection is a teacher who—

''(1) is employed by an agency receiving a grant under this section to provide classroom instruction to children at an elementary or secondary school that provides free public education;

''(2) has secured from such agency, and any other person or agency whose approval is required under State law, approval to take sabbatical leave for a sabbatical term described in subsection (d);

''(3) has submitted to the agency an application for a subgrant at such time, in such manner, and containing such information as the agency may require, including—

''(A) written proof—

''(i) of the approval described in paragraph (2); and

''(ii) of the teacher's having been accepted for enrollment in a course of study described in subsection (c); and

''(B) assurances that the teacher—

''(i) will notify the agency in writing within a reasonable time if the teacher terminates enrollment in the course of study described in subsection (c) for any reason;

''(ii) in the discretion of the agency, will reimburse to the agency some or all of the amount of the subgrant if the teacher fails to complete the course of study; and

''(iii) otherwise will provide the agency with proof of having completed such course of study not later than 60 days after such completion; and

''(4) has been selected by the agency to receive a subgrant based on the agency's plan for meeting its classroom needs.

''(c) COURSE OF STUDY.—A course of study described in this subsection is a course of study at an institution of higher education that—

''(1) requires not less than one academic semester and not more than one academic year to complete;

''(2) is open for enrollment for professional development purposes to an eligible teacher described in subsection (b); and

''(3) is designed to improve the classroom teaching of such teachers through academic and child development studies.

''(d) SABBATICAL TERM.—A sabbatical term described in this subsection is a leave of absence from teaching duties granted to an eligible teacher for not less than one academic semester and not more than one academic year, during which period the teacher receives—

''(1) one-half of the amount of the salary that otherwise would be earned by the teacher, if the teacher had not been granted a leave of absence, from State or local funds made available by a State educational agency or a local educational agency; and

''(2) one-half of such amount from Federal funds received by such agency through a grant under this section.

''(e) PAYMENTS.—

''(1) TO ELIGIBLE TEACHERS.—In making a subgrant to an eligible teacher under this section, a State educational agency or a local educational agency shall agree to pay the teacher, for tax and administrative purposes, as if the teacher's regular employment and teaching duties had not been suspended.

''(2) REPAYMENT OF SECRETARY.—A State educational agency or a local educational agency receiving a grant under this section shall agree to pay over to the Secretary the Federal share of any amount recovered by the agency pursuant to subsection (b)(3)(B)(ii).

''(f) FUNDING.—For the purpose of carrying out this section, there are authorized to be appropriated $200,000,000 for fiscal year 2000 and such sums as may be necessary for fiscal years 2001 through 2004.''; and

The CHAIRMAN. Pursuant to House Resolution 253, the gentlewoman from Hawaii (Mrs. MINK) and a Member opposed each will control 5 minutes.

Mr. GOODLING. Mr. Chairman, I rise in opposition.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GOODLING) will control 5 minutes.

The gentlewoman from Hawaii (Mrs. MINK) is recognized for 5 minutes.

Mrs. MINK of Hawaii. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, we have heard a great deal today about the importance of quality in terms of our teachers. The need for their education, for their upgrading, for their continuing education and development in order to make sure that our children benefit from the highest quality education that this Nation can afford, I do not think anyone disputes.

But if we read this legislation and we listen to the debate, what they are talking about is the need to find new teachers to meet the 2 million teacher demand that everyone talks about. In this bill have mentoring programs, we have alternative teaching projects. We have new ways of implementing the licensing process. But there is no real concrete method by which we can address the specific problem of 25 percent of our incumbent teachers not being qualified in the subject matter area which they find themselves teaching.

What are we going to do about this 25 percent of our incumbent teachers, and the 2 million teachers that we need to attract into the profession and those that we need to retain?

My amendment goes to the very heart of that issue. It is not a mandate; it is an option to States that have a serious problem with a lack of qualified teachers. We need to enable our teachers with the opportunity to enroll in full time academic training.

The bill that the majority has brought forth says that they are not for short-term workshops or conferences or 1-day exhibits. The testimony of teachers will tell us that those are not adequate; and therefore, if we are really serious about quality education, we need to make sure that teachers have the opportunity to go to the academies, to the institutions of higher learning and get the qualifying education they need.

So, Mr. Chairman, I rise today to urge my colleagues to support my Teacher Sabbatical amendment to H.R. 1995, the Teacher Empowerment Act.

My amendment will give teachers the opportunity to receive intensive professional development training. This amendment creates a program to provide grants for public school teachers who take sabbatical leave to pursue a course of study for professional development. The grant covers one-half of the salary the teacher would have earned if the teacher had not been granted a leave of absence; the state must provide the other half of the salary. Teachers are eligible if they have been approved for sabbatical leave and if they have enrolled in a course of study at an institution of higher education designed to improve classroom teaching.

By providing teachers with financial resources, they will be free to pursue an intensive course of study that can greatly improve their teaching skills. Professional development is essential to improve teacher quality. However, our teachers will never get the development training they need to stay on top of their field from a one-day workshop.

This need for intensive professional development training is not foreign to the bill. H.R. 1995 contains language that requires professional development programs "be of sufficient intensity and duration (such as not to include 1-day or short term workshops and conferences) to have a positive and lasting impact on the teacher's performance in the classroom."

This language is wonderful. But we must do more than talk about the need for intensive development programs; we must create programs that ensure our teachers can participate in these programs.

My amendment does this. It gives teachers the opportunity to improve and grow. By creating a grant program that will cover a teacher's salary on sabbatical leave, teachers will have the chance to pursue a course of study that can greatly improve their teaching skills.

All teachers want to be on top of their field. However, only a few can give up their salary as they pursue this.

Recent findings also show the need for intensive professional development. Although 99% of our teachers have participated in at least one professional development activity in the past year, only 12% of teachers who spent only 1–8 hours in professional development said it improved their teaching a lot.

That is a dismal figure. It proves that we will never be able to improve teacher quality if we continue to provide only one-day workshops for teachers. We must do more. We must work to provide teachers with intensive professional development, so all of our teachers feel professional development improves their teaching.

Teacher quality is essential. Studies have shown that the more qualified a teacher is, the better the students' performance will be.

For instance, in Boston, students assigned to the most effective teachers for a year showed 18 times greater gains in reading and nearly 16 time greater gains in math than those students who were assigned to the least effective teachers.

In Tennessee, similar students with 3 very effective teachers in a row scored 50 percentile points better than students who were assigned 3 very ineffective teachers in a row.

All of our students deserve to achieve these same gains.

By providing teachers with the opportunity to receive intensive professional development, my amendment will help put more effective, qualified teachers in the classroom.

I urge my colleagues to support this amendment.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, oh, it is so much more pleasant when I can be on the same side as the gentlewoman from Hawaii.

Mrs. MINK of Hawaii. Mr. Chairman, if the gentleman will yield, we have been on a number of occasions, and I hope that this will be another.

Mr. GOODLING. Mr. Chairman, in this particular case, I would plead with my colleagues not to go down this very, very slippery slope.

Let me tell my colleagues a little bit about sabbaticals, in case we are not familiar with sabbaticals. In the State of Pennsylvania, for instance, after one teaches 10 years, one can request a sabbatical. Now, they have given up fighting sabbaticals and they just give them to them and they do anything under the sun, not necessarily to improve their classroom teaching. But let me tell my colleagues about the cost.

We are giving a $40,000 teacher a sabbatical. In the State of Pennsylvania, the school district must pay half of that salary while they are on sabbatical. That is $20,000. The school district must pay full fringe benefits to that teacher on sabbatical. So let us say another $4,000. Now we are up to $24,000.

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Now the school district must replace that teacher, and let us say that is another $30,000, so now we are up to $70,000. And then they must provide full fringe benefits to that replacement teacher for that period of time, so now we are up to $73,000 or $74,000. That is just for one teacher.

Make sure that Members understand, in this legislation if a district believes that that is the best way to use their money, to improve the quality of the teacher, that is what they can do. That is what it allows. That is why we are trying to tell Members, do not just get hooked on the $100,000, get hooked on quality. If this is what they want to do, that is exactly what they can do.

But do not get us involved in trying to do this. When it starts out it is not a mandate, it is just an encouragement, and Members know how all of those go, eventually.

I would surely hope that all of my colleagues would not go down this slippery slope. We have already taken care of it in the legislation, if that is what the local district wants to do to improve the quality of their teachers.

Mr. Chairman, I reserve the balance of my time.

Mrs. MINK of Hawaii. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, this amendment goes to the heart of the problem of trying to get quality teachers. We have had a series of motherhood and apple pie amendments that we all agree on. They would be good, but here is one that costs money, and the very fact that it costs money gets opposition.

For every other profession, the legal profession, the medical profession, airline pilots, tremendous amounts of money are spent to train and retrain people in these professions.

Lawyers make enough money, the law firms make enough money, they pay for their own training, but there is ongoing training. Doctors make enough money to pay for their training, but they are always being trained and retrained, and tremendous amounts of money go into it.

Once every 10 years to give a sabbatical and pay those costs that were quoted by the chairman of the committee; that is not too much, if we are serious about achieving a pool of people where we can maintain quality.

The quality problem is a problem not only of attracting new people into the teaching field, but the problem is to hold those that are already there. A person with educational credentials teaches a few years; other professions and other entrepreneurial enterprises are seeking their experiences, and large numbers of people are leaving.

We are addressing the working conditions when we talk about the President's initiative on small class sizes. If we had smaller classes, a large number of the young people who have gone into teaching; at the elementary school level would not have left. Everybody knows people who have gone into teaching, elementary schoolteachers who confront a classroom full of children, 25 to 30, and in a year or so they are gone. They cannot take it anymore. There are options and they take those options.

So we are addressing a serious working condition. This is an incentive. A part of the package ought to be an incentive that after 7 years, 10 years, whatever, they should be able to get the kind of training they need to keep up with some of the educational technology we talked about before, and many other changes are happening. This incentive is needed. If we want quality teachers, we should support this. We need to pay for the continuing education of quality teachers if we want them.

Mr. GOODLING. Mr. Chairman, I yield 1½ minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, I thank the chairman for yielding time to me.

In opposing this amendment, I think he is absolutely correct. We allow school districts who believe that sabbaticals are important and want to supplement their existing funds to do so. But it is really important to remember, and we cannot repeat this enough, this is not an appropriations bill, this is an authorizing bill. This is where we set policy. To say we are setting aside new money for this is in fact not true. It sets a cap for it, but the Committee on Appropriations will have to then subdivide.

All afternoon we have been listening to people come to the floor from the other side who oppose the bill that say, oh, we are taking things from class size reduction. We have been arguing that local school districts ought to have the flexibility, between class size reduction, special ed teachers, and teacher quality, and let them make that decision.

The other side has been arguing, at least up until now, that this money should be used for class size reduction, but this amendment would in fact take money, as a practical matter, because this is an authorizing bill, not an appropriations bill.

When the appropriators say, oh, it is new grant money, a grant program, the money would have to come out from somewhere. Presumably it is going to come from the class size reduction and the teacher training, because we do not have the ability in this bill to spend new money. That is an appropriations decision. So I am kind of confused as to what the priorities are here, because that is the net impact.

The plain truth of the matter is that, as the chairman so eloquently said, any school district who wants to use this money for teacher training during a period of sabbatical can do so. The only fundamental debate here is, are we going to say that Washington says they must use it for a sabbatical out of limited funds, rather than that they may use it for sabbatical.

Mrs. MINK of Hawaii. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, last year 99 percent of our teachers participated in at least one professional development activity. But Mr. Chairman, too many of those activities are piecemeal, a day here, a couple of hours there. In fact, only 12 percent of the teachers who participated in limited professional development activities said that they improved their teaching. What a shame. What a shame for those teachers and what a shame for their students.

The Mink amendment treats teachers as the professionals they are by providing enough time to become great teachers, having time off to learn more, to upgrade their skills, to come back to the classroom ready to teach with more than they knew before they left in the first place.

I urge my colleagues to support teacher sabbaticals. Support the Mink amendment.

Mr. GOODLING. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. EWING). The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mrs. MINK of Hawaii. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 253, further proceedings on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) will be postponed.

It is now in order to consider amendment No. 11 printed in House Report 106–240.

AMENDMENT NO. 11 OFFERED BY MR. CROWLEY

Mr. CROWLEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 11 offered by Mr. CROWLEY:

Page 42, after line 10, insert the following:

SEC. 5. SENSE OF CONGRESS.

It is the sense of the Congress that high quality teachers are an important part of the development of our children and it is essential that Congress work to ensure that the teachers who instruct our children are of the highest quality possible.

The CHAIRMAN pro tempore. Pursuant to House Resolution 253, the gentleman from New York (Mr. CROWLEY) and a Member opposed each will control 5 minutes.

Mr. GOODLING. Mr. Chairman, I am not opposed, but I ask unanimous consent that 5 minutes be controlled by myself.

The CHAIRMAN pro tempore. Without objection, the gentleman from Pennsylvania (Mr. GOODLING) will control the 5 minutes in opposition.

There was no objection.

Mr. CROWLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today to offer an amendment to H.R. 1995 that supports and lauds our Nation's teachers. While I have deep reservations over the underlying bill, I recognize the important role of Congress in helping our teachers. Teachers touch the lives of every single American child and help shape their future.

My amendment is quite simple. It expresses the sense of this Congress that high quality teachers are an important part of the development of our children, and that it is essential that Congress work to ensure that the teachers who instruct our children are of the highest quality possible.

I support recruitment and retention of the best and brightest of teachers, especially for our neediest children. In my district in New York City, we have a very high turnover rate for our teachers, as well as some of the most overcrowded conditions in the country. In fact, a recent survey by my Office of Public Schools shows that the average class size ranges between 29 and 35 students.

Mr. Chairman, I have one school in my district that has 50 kindergarten children in one classroom, in a normal sized classroom, with two teachers. Imagine that, the strain on those teachers. We can only imagine the lack of quality education those children are receiving.

Additionally, in the 1996–1997 school year the Board of Education hired approximately 6,200 teachers. However,

the same year, listen to this, 5,415 teachers left the system. Of those, only 515 actually retired. The New York City public school system, a system that educates over 1 million children, lost nearly as many teachers as it hired in the same year. I am sure many communities around the country face similar situations.

The teachers who I have met touring schools in my district are the most dedicated and passionate individuals I have encountered in my life, despite the overcrowded classrooms, the low pay, and sometimes unsafe conditions that they have to co-exist in within their schools.

It is my desire to recognize these teachers with this amendment, and laud their efforts, and the impact on our children's lives.

Mr. Chairman, as it pertains to the bill as a whole, although my amendment and other amendments improve the overall bill, it still leaves it far short of the needs of my constituents. But Mr. Chairman, it is important to me, as I am sure it is important to the chairman, to recognize the effort and high quality of our teachers. I ask the support of all my colleagues in doing so. I hope they will join me in praising our teachers, recognizing their importance, and pledging to assist in the recruitment and retention of high quality teachers.

I would also thank the gentleman from Massachusetts (Mr. MOAKLEY) for offering my amendment before the Committee on Rules, as well as the Committee on Rules for reporting the Crowley amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, obviously, I strongly support the amendment, since it is what I have said over and over and over and over again 100 times today. This amendment shows that Congress supports high quality teachers. This amendment shows that high quality teachers are the most important influence over our children, second only to parents.

The amendment says the teachers instructing our children must be of the highest quality possible. Amen, amen, and amen.

Mr. CROWLEY. Mr. Chairman, I yield 1½ minutes to my colleague, the gentleman from Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Chairman, I thank the gentleman for yielding time to me.

I fully support the quality amendment. It is a very, very important amendment. I applaud the gentleman for it.

But I am also in support of another amendment. Today's debate on the House floor echoes with the concepts of empowerment and mobilization. However, I charge that the definitions of these terms as they appear in H.R. 1995 are heavily misguided. Empowering teachers means allocating $1 billion more than H.R. 1995, investing in thousands of new teachers, and shrinking the size of our Nation's classrooms. Empowering teachers means providing teachers with the resources, conditions, and training which will enable them to do the best job educating our Nation's youth.

Empowering teachers does not mean robbing Peter to pay Paul. We can provide funding for new teachers and special education training. This definition of empowerment does not change from one school district to another, but remains universal in all of our local school systems. We must move forward and mobilize all of our schools so we create an even educational playing field for all of our children in this country.

Mr. CROWLEY. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. GOODLING. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. CROWLEY).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. GOODLING. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Pursuant to House Resolution 253, further proceedings on the amendment offered by the gentleman from New York (Mr. CROWLEY) will be postponed.

The point of no quorum is considered withdrawn.

□ 1700

The CHAIRMAN pro tempore (Mr. EWING). It is now in order to consider amendment No. 12 printed in House Report 106–240.

AMENDMENT NO. 12 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MARTINEZ

Mr. MARTINEZ. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 12 in the nature of a substitute offered by Mr. MARTINEZ:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Smart Classrooms Act''.

SEC. 2. SMART CLASSROOMS.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by striking the heading for title II and inserting the following:

"TITLE II—SMART CLASSROOMS";

(2) by striking sections 2001 through 2003;

(3) by striking parts A, B, and D;

(3) by redesignating part C as part D; and

(4) by inserting after the title heading the following:

"PART A—QUALIFIED TEACHERS IN EVERY CLASSROOM

"Subpart 1—Findings; Purpose; Authorization of Appropriations

"SEC. 2001. FINDINGS.

''The Congress finds as follows:

''(1) All students can learn and achieve to high standards.

''(2) States that have shown the most success in improving student achievement are those that have developed challenging content and student performance standards, have aligned curricula and assessments with those standards, have prepared educators to teach to those standards, and have held schools accountable for the achievement of all students against those standards.

''(3) Increased teachers' knowledge of academic content and effective teaching skills is associated with increases in student achievement. While other factors also influence learning, teacher quality makes a critical difference in how well students learn, across all categories of students. For example, recent research has found that teachers' expertise has a greater impact on students' achievement in reading than any other in-school factor.

''(4) A crucial component of an effective strategy for achieving high standards is ensuring, through professional development, that all teachers provide their students with challenging learning experiences in the core academic subjects.

''(5) Recent research has found that teachers who participate in sustained curriculum-centered professional development are much more likely to report that their teaching is aligned with high standards than are teachers who have not received such training.

''(6) Research has found that high-quality professional development is—

''(A) linked to high standards: professional development activities should improve the ability of teachers to help all students, including females, minorities, children with disabilities, children with limited English proficiency, and economically disadvantaged children, reach high State academic standards;

''(B) focused on content: professional development activities should advance teacher understanding of 1 or more of the core academic subject areas and effective instructional strategies for improving student achievement in those areas;

''(C) collaborative: professional development activities should involve collaborative groups of teachers, principals, administrators, and other school staff from the same school or district;

''(D) sustained: professional development activities should be of sufficient duration to have a positive and lasting impact on classroom instruction and, to the greatest extent possible, should include follow-up and school-based support such as coaching or study groups;

''(E) embedded in a plan: professional development activities should be embedded in school and district-wide plans designed to raise student achievement to State academic standards; and

''(F) informed by research: professional development activities should be based on the

best available research on teaching and learning.

''(7) Students who attend schools with large numbers of poor children are less likely to be taught by teachers who have met all State requirements for certification or licensure or who have a solid academic background in the subject matter they are teaching.

''(8) Despite the fact that every year the Nation's colleges and universities produce many more teachers than are hired and that over 2,000,000 individuals who possess education degrees are currently engaged in activities other than teaching, many school districts experience difficulty recruiting and hiring enough fully qualified teachers. Among the reasons researchers have found for districts hiring less than fully qualified teachers are—

''(A) cumbersome and poorly coordinated State licensing procedures and local hiring practices;

''(B) the lack of reciprocity of teacher credentials, pensions, and credited years of experience across State and school district lines;

''(C) a lack of support for new teachers, such as high-quality mentoring programs, that can help reduce the attrition rate and the number of new teachers that school districts must hire every year; and

''(D) compensation systems that do not adequately reward teachers for improving their knowledge and skills.

''SEC. 2002. PURPOSE.

''The purpose of this part is to support the improvement of classroom instruction, so that all students are able to achieve to challenging State content and student performance standards in the core academic subjects, by providing assistance to State and local educational agencies in their efforts to recruit and retain a fully qualified instructional staff by—

''(1) supporting States and local educational agencies in continuing the task of developing challenging content and student performance standards and aligned assessments, revising curricula and teacher certification requirements, and using challenging content and student performance standards to improve teaching and learning;

''(2) assisting high-poverty local educational agencies and low-performing local educational agencies that have the greatest difficulty in recruiting and retaining fully qualified teachers;

''(3) supporting States and local educational agencies, in partnerships with institutions of higher education, to recruit and retain teachers in subject areas in which the State has determined there to be a shortage of teachers;

''(4) ensuring that all instructional staff have the subject matter knowledge and teaching skills necessary to teach effectively in all subjects in which they provide instruction;

''(5) providing assistance to new teachers during their first 3 years in the classroom; and

''(6) ensuring that teachers, principals, administrators, and other school staff have access to professional development that is aligned with challenging State content and student performance standards in the core academic subjects.

''SEC. 2003. AUTHORIZATION OF APPROPRIATIONS.

''(a) SUBPART 2.—For the purpose of carrying out subpart 2, there are authorized to be appropriated $1,500,000,000 for fiscal year 2000, $1,875,000,000 for fiscal year 2001, $2,250,000,000 for fiscal year 2002, $2,625,000,000 for fiscal year 2003, and $3,000,000,000 for fiscal year 2004.

''(b) SUBPART 3.—For the purpose of carrying out subpart 3, there are authorized to be appropriated $40,000,000 for fiscal year 2000 and such sums as may be necessary for each of fiscal years 2001 through 2004.

''Subpart 2—State and Local Activities

''SEC. 2011. ALLOCATIONS TO STATES.

''(a) IN GENERAL.—In the case of each State that in accordance with section 2013 submits to the Secretary an application for a fiscal year, and has that application approved under section 2013(c), the Secretary shall make a grant for the year to the State for the uses specified in section 2012. The grant shall consist of the allocation determined for the State under subsection (b) or (c).

''(b) RESERVATION OF FUNDS.—From the amount made available to carry out this subpart for any fiscal year, the Secretary shall reserve—

''(1) ½ of 1 percent to provide assistance to the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, to be distributed among these outlying areas on the basis of their relative need, as determined by the Secretary in accordance with the purpose of this part; and

''(2) ½ of 1 percent for the Secretary of the Interior for activities under this subpart for teachers, principals, administrators, and other school staff in schools operated or funded by the Bureau of Indian Affairs.

''(c) STATE ALLOCATIONS.—

''(1) IN GENERAL.—After reserving funds under subsection (b), the Secretary shall allocate the remaining amount made available to carry out this subpart for any fiscal year among the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico as follows:

''(A) 50 percent of such amount shall be allocated among such States on the basis of their relative populations of individuals aged 5 through 17, as determined by the Secretary on the basis of the most recent satisfactory data.

''(B) 50 percent of such amount shall be allocated among such States in proportion to the number of children, aged 5 to 17, who reside within the State from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available, compared to the number of such individuals who reside in all such States for that fiscal year.

''(2) MINIMUM ALLOCATION.—No State receiving an allocation under paragraph (1) may receive less than ¼ of 1 percent of the total amount made available to carry out this subpart for any fiscal year and not reserved under subsection (b).

''SEC. 2012. WITHIN-STATE ALLOCATIONS.

''(a) SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.—

''(1) IN GENERAL.—Each State receiving a grant under this subpart shall expend at least 92 percent of the amount of the funds provided under the grant for the purpose of making subgrants to local educational agencies as follows:

''(A) subject to paragraph (2), 80 percent of such amount shall be allocated as follows:

''(i) 60 percent shall be allocated among local educational agencies having an approved application under section 2017 in proportion to the number of children, aged 5 to 17, who reside within the jurisdiction served by the agency from families with incomes below the poverty line (as defined by the Office of Management and Budget as revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available, compared to the number of such children who reside in all such jurisdictions for that fiscal year.

''(ii) 40 percent shall be allocated among local educational agencies having an approved application under section 2017 on the basis of their relative populations of children aged 5 to 17, as determined by the Secretary on the basis of the most recent satisfactory data.

''(B) 20 percent of such amount shall be used to provide additional funds to local educational agencies, and partnerships described in section 2016(b)(1), having an approved application under section 2018 in accordance with such section.

''(2) MINIMUM AMOUNT.—Notwithstanding paragraph (1)(A), a local educational agency may not receive an allocation under such paragraph for any fiscal year that is less than its allocation for fiscal year 1999 under section 2203(1) of this Act (as in effect on the day before the date of the enactment of the Smart Classrooms Act). If the amount available for allocations under paragraph (1)(A) is insufficient to satisfy the preceding sentence, each allocation under such paragraph shall be ratably reduced.

''(b) SUBGRANTS TO PARTNERSHIPS.—Each State receiving a grant under this subpart shall expend at least 2 percent of the amount of the funds provided under the grant for the purpose of making subgrants to partnerships under section 2016.

''(c) STATE-LEVEL ACTIVITIES.—Each State receiving a grant under this part may expend not more than 6 percent of the amount of the funds provided under the grant for one or more of the State-level activities described in section 2015.

''(d) ADMINISTRATION AND EVALUATIONS.—Subject to section 2023, each State receiving a grant under this subpart or part C shall expend not more than ⅙ of its allocation under subsection (c) for—

''(1) its costs of administering this subpart and part C;

''(2) evaluations of the effectiveness of activities under this subpart and part C, including effectiveness as measured using the indicators of program performance described in section 2451; and

''(3) reports required under section 2208, if the State receives funds under part C.

''SEC. 2013. STATE APPLICATION.

''(a) APPLICATIONS REQUIRED.—

''(1) IN GENERAL.—Each State desiring to receive its allocation under this subpart shall submit, through its State educational agency, an application to the Secretary at such time, in such form, and containing such information as the Secretary reasonably may require.

''(2) CONSULTATION.—The State educational agency shall develop the State application—

''(A) in consultation with the State agency for higher education, community-based and other nonprofit organizations of demonstrated effectiveness in professional development, and institutions of higher education; and

''(B) with the extensive participation of teachers, teacher educators, school administrators, and content specialists.

''(b) CONTENTS.—Each such application shall include the following:

''(1) A description of how the State educational agency will use all funds received under this subpart to implement State plans or policies that support comprehensive standards-based education reform through the following strategies:

''(A) Supporting the alignment of curricula and assessments with challenging State content and student performance standards.

''(B) Supporting local educational agencies in their efforts to recruit and retain fully qualified teachers, with special consideration given to recruiting highly qualified teachers from minority and other historically underrepresented groups, including bilingual teachers.

''(C) Ensuring that teachers employed by local educational agencies are proficient in content knowledge and teaching skills in all subjects in which they provide instruction.

''(D) Providing professional development, aligned with State content and student performance standards, in core academic subjects.

''(2) A plan for ensuring that all teachers teaching in schools served under this part are fully qualified not later than November 1, 2003.

''(3) An assurance that teacher aides or other paraprofessionals who are not fully qualified teachers provide instruction to students only under the direct and immediate supervision of a fully qualified teacher, and have received the professional development necessary to perform their duties.

''(4) A description of the process the State educational agency will use to make competitive awards to local educational agencies under section 2018, including a description of—

''(A) the State's criteria for classifying local educational agencies as among those having the greatest need for services provided under this subpart and its justification for those criteria;

''(B) the State's strategies for ensuring that local educational agencies that have historically had little success in competing for funds are provided a reasonable opportunity compete for subgrants;

''(C) the State's criteria for determining the amounts that it will award to recipients and the criteria for providing noncompetitive renewals of subgrants; and

''(D) the technical assistance that the State educational agency will provide, under section 2018(e)(2), to local educational agencies that it identifies as having the greatest need for services and that fail to receive an award under section 2018.

''(5) A description of how the State educational agency will ensure that all recipients of funds under this subpart will report on their level of performance based on the program performance indicators described in section 2451.

''(6) A list of any additional indicators of program performance, beyond those described in section 2451, on which the State educational agency and the State agency for higher education will require recipients to report.

''(7) A set of specific, numerical, annual goals for each of the performance indicators required under section 2451 and for any additional indicators that the State elects to use for measuring the progress of the State and local educational agencies receiving funds under this subpart.

''(8) A description of how the State will coordinate professional development activities authorized under this subpart with professional development activities provided under other Federal, State, and local programs, including those authorized under title I, title III, title IV, part A of title VII, and (where applicable) the Individuals with Disabilities Education Act and the Carl D. Perkins Vocational and Technical Education Act. The application shall also describe the comprehensive strategy that the State will take as part of such coordination effort, to ensure that teachers are trained in the utilization of technology so that technology and its applications are effectively used in the classroom to improve teaching and learning in all curriculum and content areas, as appropriate.

''(c) APPROVAL.—The Secretary shall, using a peer-review process, approve a State application if it meets the requirements of this section and holds reasonable promise of achieving the purpose described in section 2002.

"SEC. 2014. STATE ACCOUNTABILITY.

''(a) ANNUAL REPORTS.—Each State educational agency that receives funds under this subpart and part C shall, beginning in fiscal year 2002, annually compile, publish, submit to the Secretary, and distribute to the public, a report including the following information:

''(1) The percentage of teachers teaching in the State who have not met State qualifications and licensing criteria for the grade levels and subject areas in which they provide instruction.

''(2) The percentage of teachers teaching in the State under emergency or other provisional status through which State qualifications or licensing criteria have been waived.

''(3) The percentage of teachers teaching in the State who do not hold a postsecondary degree with a major in the subject areas in which they provide instruction.

''(4) The average class size.

''(5) The percentage of teachers with certification from the National Board for Professional Teaching Standards.

''(6) Information on the progress of recipients of subgrants under this subpart, measured based on the program performance indicators described in section 2041 and any additional indicators included in the State's application.

''(7) Student achievement.

''(8) Such other information as the Secretary may reasonably require.

''(b) DISAGGREGATED DATA.—

''(1) IN GENERAL.—Data collected for the purpose of carrying out this section shall be disaggregated by State, local educational agency, and school.

''(2) DATA ON STUDENT ACHIEVEMENT.—Data collected for the purpose of carrying out subsection (a)(7) shall also be disaggregated by the following:

''(A) Gender.

''(B) Each major racial and ethnic group.

''(C) English proficiency status.

''(D) Students with disabilities as compared to nondisabled students.

''(E) Economically disadvantaged students as compared to students who are not economically disadvantaged.

"SEC. 2015. STATE-LEVEL ACTIVITIES.

''Each State shall use funds it reserves under section 2012(c) to carry out activities described in its approved application that promote high-quality classroom instruction, such as—

''(1) supporting the continued improvement of State content and student performance standards and assessments aligned with those standards;

''(2) providing technical assistance and other services to increase the capacity of local educational agencies and schools to develop and implement systemic local improvement plans, implement State and local assessments, and develop curricula consistent with State content and performance standards;

''(3) supporting the development and implementation, at the local educational agency and school-building level, of improved systems for recruiting, selecting, hiring, mentoring, supporting, evaluating, and rewarding principals and fully qualified teachers;

''(4) redesigning and strengthening professional licensure systems for educators;

''(5) developing performance-based assessment systems for full teacher licensure;

''(6) establishing, expanding, or improving rigorous alternative routes to State certification or licensure that lead to certification within 2 years and require applicants to meet the same standards and pass the same tests as other applicants;

''(7) developing or strengthening assessments to test the content knowledge and teaching skills of new teachers;

''(8) developing and implementing professional development opportunities for teachers, principals, administrators, and other school staff based on State content and student performance standards;

''(9) operating a teacher academy that establishes and demonstrates models for local educational agencies to improve teaching and learning through activities such as—

''(A) using master teachers to mentor and train student teachers; and

''(B) providing ongoing professional development opportunities and support for teachers;

''(10) providing professional development programs that enable teachers to effectively communicate with parents in the education process to support classroom instruction and work effectively with parent volunteers;

''(11) executing policies and practices that will ensure that low-income and minority students are not taught by emergency certified or unqualified teachers at rates higher than other students; and

''(12) increasing the portability of teacher pensions and reciprocity of teaching credentials across State lines.

"SEC. 2016. SUBGRANTS TO PARTNERSHIPS.

''(a) ADMINISTRATION.—From the funds made available to it under section 2012(b) for any fiscal year, a State agency for higher education may use not more than 5 percent for its expenses in administering this section, including conducting evaluations and reporting under subsection (g).

''(b) SUBGRANTS TO PARTNERSHIPS.—

''(1) IN GENERAL.—

''(A) PARTNERSHIPS.—For the purpose of providing professional development to elementary and secondary school teachers in a local educational agency that is both a high-poverty local educational agency and a low-performing local educational agency, a State agency for higher education, subject to subsection (a) and in conjunction with the State educational agency, shall use the funds made available to it under section 2012(b) for any fiscal year to make subgrants to partnerships consisting of—

''(i) one or more institutions of higher education (including historically Black colleges and universities and Hispanic-serving institutions), or nonprofit organizations of demonstrated effectiveness in providing professional development in the core academic subjects; and

''(ii) a local educational agency that is both a high-poverty local educational agency and a low-performing local educational agency, or more than one such agency.

''(B) REQUIREMENT FOR INSTITUTIONS OF HIGHER EDUCATION.—Participating institutions of higher education shall meet the criteria under section 203(a)(2)(A)(i) of the Higher Education Act of 1965.

''(2) SIZE, DURATION, AND PEER REVIEW.—Each subgrant under this section shall be—

''(A) of sufficient size and duration to carry out the purpose of this subpart effectively; and

''(B) awarded, using a peer-review process, on a competitive basis.

''(3) PRIORITY.—In making subgrants under this section, a State agency for higher education shall give a priority to projects that focus on induction programs for new teachers.

''(4) OTHER FACTORS.—In making subgrants under this section, a State agency for higher education shall consider—

''(A) the need for the proposed professional development activities in the jurisdiction of the local educational agency; and

''(B) the quality of the proposed program and its likelihood of success in improving classroom instruction and student academic achievement.

''(c) PARTNERSHIP AGREEMENTS.—No institution of higher education or nonprofit organization may receive a subgrant under this section unless it enters into a written agreement with at least one local educational agency that is both a high-poverty local educational agency and a low-performing local educational agency to provide professional development to elementary and secondary school teachers in the schools of that agency in the core academic subjects. Each such agreement shall identify specific goals for how the professional development that the subgrantee provides will enhance the ability of those teachers to prepare all students, including females, minorities, students with disabilities, students with limited English proficiency, and economically disadvantaged students, to achieve to challenging State content and student performance standards in all subjects in which those teachers provide instruction.

''(d) COORDINATION.—Any professional development activities carried out under this section by a partnership shall be coordinated with activities carried out under title II of the Higher Education Act of 1965 (20 U.S.C. 1021 et seq.), if any member of the partnership is participating in programs funded under that title.

''(e) JOINT EFFORTS WITHIN INSTITUTIONS OF HIGHER EDUCATION.—In the case of a partnership that includes an institution of higher education, each activity assisted under this section shall involve the joint effort of the institution's school or department of education and the schools or departments responsible for the specific disciplines in which the professional development will be provided.

''(f) USES OF FUNDS.—A recipient of funds under this section shall use those funds for—

''(1) research-based programs to assist new teachers during their first 3 years in the classroom, which may include—

''(A) mentoring and coaching by appropriately trained and certified teachers;

''(B) team teaching with experienced teachers;

''(C) observation by, and consultation with, experienced teachers and higher education faculty;

''(D) assignment of fewer course preparations; and

''(E) provision of additional time for preparation;

''(2) professional development in the core academic subjects, aligned with State content and student performance standards, for teams of teachers from a school or local educational agency and, where appropriate, principals, administrators, and other school staff; and

''(3) providing technical assistance to school and local educational agency staff for planning, implementing, and evaluating professional development.

''(g) ANNUAL REPORTS.—

''(1) IN GENERAL.—Beginning with fiscal year 2002, each subgrantee under this section shall submit an annual report to the State agency for higher education, by a date set by that agency, on its progress, as measured using the indicators of partnership performance described in section 2041.

''(2) CONTENT.—Each such report—

''(A) shall include a copy of each written agreement required by subsection (c); and

''(B) shall describe how the partners have collaborated to achieve the specific goals set out in the agreement, and the results of that collaboration.

''(3) COPY.—The State agency for higher education shall provide the State educational agency with a copy of each subgrantee's annual report.

''(h) SPECIAL RULE.—No single participant in a partnership receiving a subgrant under this section may retain more than 50 percent of the funds made available to the partnership under this section.

''SEC. 2017. LOCAL APPLICATIONS FOR FORMULA SUBGRANTS.

''(a) APPLICATION REQUIRED.—Each local educational agency desiring to receive its allocation from funds made available under section 2012(a)(1)(A) for any fiscal year shall submit an application to the State educational agency at such time, in such form, and containing such information as the State educational agency reasonably may require. Each such application shall include an agency-wide plan for raising student achievement against State standards through each of the following strategies:

''(1) Supporting the alignment of curricula, assessments, classroom instructional strategies, and professional development with challenging State content and student performance standards.

''(2) Carrying out activities to recruit fully qualified teachers, particularly in subject areas and in schools in which there is a shortage of such teachers with special consideration given to recruiting fully qualified teachers from minority and other historically underrepresented groups, including bilingual teachers.

''(3) Ensuring that teachers employed by the local educational agency are proficient in teaching skills and in the content knowledge necessary to effectively teach the content called for by State and local standards in all subjects in which they provide instruction and are prepared to integrate technology into the classroom.

''(4) Targeting funds to schools within the jurisdiction of the local educational agency that—

''(A) have the highest proportion of teachers who are not fully qualified;

''(B) have the largest average class size; or

''(C) are identified for school improvement under section 1116(c).

''(5) Carrying out activities to assist new teachers during their first 3 years in the classroom.

''(6) Providing professional development in core academic subjects.

''(b) ADDITIONAL CONTENTS.—Each such application shall also—

''(1) identify specific, measurable goals for achieving the purpose described in section 2002 that, at a minimum, reflect the performance indicators described in section 2041;

''(2) describe how the local educational agency will use funds received under this subpart to help implement the plan described in subsection (a);

''(3) include an assurance that the local educational agency will collect data that measure progress toward the indicators of program performance described in section 2041;

''(4) describe how the local educational agency will address the needs of high-poverty, low-performing schools within its jurisdiction;

''(5) describe how the local educational agency will address the needs of teachers of students with limited English proficiency and other students with special needs;

''(6) describe how the local educational agency will meet the professional development needs of its principals and teachers; and

''(7) describe how the local educational agency will coordinate funds under this subpart with the professional development activities funded through other State and Federal programs.

''(c) APPROVAL.—Notwithstanding section 2012(a)(1)(A), a State educational agency shall approve a local educational agency's application under this section only if the application satisfies the requirements of this section and the State educational agency determines that the application holds reasonable promise of achieving the purpose described in section 2002.

''(d) CONSOLIDATED APPLICATION.—Local educational agencies may consolidate applications under this section and section 2018.

''SEC. 2018. LOCAL APPLICATIONS FOR COMPETITIVE SUBGRANTS.

''(a) IN GENERAL.—Each State educational agency shall use the funds described in section 2012(A)(1)(B) for competitive grants to local educational agencies, and partnerships described in section 2016(b)(1), that focus primarily on those agencies and partnerships with the greatest need for—

''(1) activities related to the development, and effective implementation, of curricula aligned with state content and student performance standards; and

''(2) professional development activities that are aligned with those standards.

''(b) SELECTION PROCESS.—

''(1) IN GENERAL.—The State educational agency shall award subgrants under this section through a peer-review process that includes reviewers who are knowledgeable in the academic content areas.

''(2) PUBLIC AVAILABILITY.—The State educational agency—

''(A) shall provide local educational agencies and the general public with a list of the selection criteria that the State educational agency will use in making subgrants under this section; and

''(B) at the completion of the awards process, make public a complete list of applicants and of the applicants that received awards.

''(c) DEMONSTRATION OF NEED.—The State educational agency shall identify the applicants with the greatest need for services, based on the following objective data supplied by the applicant:

''(1) The number or percentage of children who fail to meet State performance standards on assessments used for part A of title I.

''(2) The number or percentage of schools identified for school improvement under section 1116(c).

''(3) The number or percentage of teachers employed who have not received full State certification or licensure.

''(4) The number or percentage of secondary school teachers who do not have an academic major in a subject area directly related to the area in which they provide instruction.

''(5) The number or percentage of students living in poverty.

''(6) The number or percentage of students who have limited English proficiency.

''(7) The applicant's fiscal capacity to fund programs described in section 2019 without Federal assistance.

''(d) SELECTION OF SUBGRANTEES.—The State educational agency shall make awards to applicants based on—

''(1) the quality of the applicant's proposal and the likelihood of its success in improving classroom instruction and student academic achievement;

''(2) the demonstrated need of the applicant under subsection (c); and

''(3) the applicant's need for professional development in mathematics and science.

''(e) OPPORTUNITY TO COMPETE.—

''(1) STRATEGIES.—To ensure that local educational agencies that have the greatest need are provided a reasonable opportunity to complete for an award, State educational agencies shall adopt at least one of the following strategies:

''(A) Holding more than one competition for funds for a fiscal year and, before each such competition, providing technical assistance in developing a high-quality application to local educational agencies that have demonstrated the greatest need but were unsuccessful in the previous grant competition.

''(B) Holding a competition restricted to local educational agencies that it has identified under subsection (c) as having the greatest need for services.

''(C) Requiring recipients seeking a renewal of a subgrant under this section to form a partnership with an applicant that applied for, but failed to receive, such a subgrant.

''(D) Providing a competitive priority to those local educational agencies the State educational agency has identified under subsection (c) as having the greatest need for services.

''(2) TECHNICAL ASSISTANCE.—At a minimum, a State educational agency shall, after the completion of an award cycle and before the start of the next cycle, provide technical assistance in developing a high-quality application for future competitions to any local educational agency identified under subsection (c) as having the greatest need for services that did not receive a subgrant.

''(f) SCOPE OF PROJECTS.—The State educational agency shall award a subgrant under this section only for projects that are of sufficient size, scope, and quality to achieve the purpose of this part.

''SEC. 2019. USES OF FUNDS.

''(a) PRIORITY FOR PROFESSIONAL DEVELOPMENT IN MATHEMATICS AND SCIENCE.—

''(1) APPROPRIATION EQUAL TO OR LESS THAN $300,000,000.—Except as provided in section 2020(d), in any fiscal year for which the amount appropriated for this subpart is $300,000,000 or less, each local educational agency shall ensure that all funds received by the agency under this subpart are used for professional development in mathematics and science.

''(2) APPROPRIATION GREATER THAN $300,000,000.—Except as provided in section 2020(d), in any fiscal year for which the amount appropriated for this subpart is greater than $300,000,000, each local educational agency shall ensure that the amount of funds under this subpart that the agency uses for professional development in mathematics and science is at least as much as the amount that would have been made available to the agency if the amount appropriated had been $300,000,000.

''(3) INTERDISCIPLINARY ACTIVITIES.—In meeting the requirement under paragraph (1) or (2), a local educational agency may use funds under this subpart for activities that focus on more than one core academic subject if those activities focus predominantly on improving instruction in mathematics or science.

''(4) WAIVER.—

''(A) APPLICATION.—A local educational agency, in consultation with teachers and principals, may seek a waiver of the requirements under paragraph (1) or (2) from a State in order to allow the local educational agency to use such funds for professional development in academic subjects other than mathematics and science.

''(B) STANDARD FOR GRANTING.—A State may not approve such a waiver unless the local educational agency is able to demonstrate that—

''(i) the professional development needs of mathematics and science teachers, including elementary teachers responsible for teaching mathematics and science, have been adequately met and will continue to be adequately met if the waiver is approved;

''(ii) State assessments in mathematics and science demonstrate that each school within the local educational agency has made and will continue to make progress toward meeting the challenging State content standards and student performance standards in these areas; and

''(iii) State assessments in other academic subjects demonstrate a need to focus on subjects other than mathematics and science.

''(C) GRANDFATHER OF OLD WAIVERS.—A waiver provided to a local educational agency under part D of title XIV prior to the date of the enactment of the Smart Classrooms Act shall be deemed effective until such time as it otherwise would have ceased to be effective.

''(b) OTHER PROFESSIONAL DEVELOPMENT ACTIVITIES.—Each local educational agency shall ensure that funds under this subpart that the agency uses for professional development, in areas other than mathematics or science, are used to provide professional development activities in one or more of the other core academic subjects.

''(c) OTHER USES OF FUNDS.—Subject to subsection (a), a local educational agency that receives funds under this subpart may use those funds for activities to raise student achievement against challenging State standards, in accordance with its plan described in section 2017(a), which may include the following:

''(1) Activities to recruit fully qualified teachers, including teachers from historically underrepresented groups, such as the provision of signing bonuses and other financial incentives.

''(2) Providing the necessary education and training, including paying (for programs that meet the criteria under section 203(b)(2)(A)(i) of the Higher Education Act of 1965 (20 U.S.C. 1023(b)(2)(A)(i))) the costs of college tuition and other student fees to assist current teachers or other school personnel who are not fully qualified teachers to become fully qualified, except that, to receive funds under this paragraph, an individual must be within 2 years of completing an undergraduate degree and must agree to teach in a high-poverty, low-performing school for a period of at least 3 years.

''(3) Programs to assist new teachers during their first 3 years in the classroom, such as—

''(A) mentoring and coaching by trained mentor teachers;

''(B) team teaching with experienced teachers;

''(C) observation by, and consultation with, experienced teachers and higher education faculty;

''(D) assignment of fewer course preparations; and

''(E) provision of additional time for preparation.

''(4) Provision of professional development aligned with State content and student performance standards.

''(5) Provision of professional development programs that enable teachers to effectively communicate with parents and involve parents in the educational process to support classroom instruction and to work effectively with parent volunteers.

''(6) Participation by teams of teachers in summer institutes and summer immersion activities that focus on preparing teachers to bring all students to high standards in one or more of the core academic subjects.

''(7) Subsidizing fees for teachers who participate in the assessment process of the National Board for Professional Teaching Standards.

''(8) Teacher participation in working groups, task forces, or committees, charged with adapting and implementing high standards for all students, including district-wide and school-based teams of teachers charged with aligning curricula and lesson plans with State content and student performance standards and assessments.

''(9) Programs to implement peer-assistance peer-review processes for teachers, principals, administrators, and other school staff.

''(10) Establishment and maintenance of local professional networks that provide a forum for interaction among teachers and that allow for the exchange of information on advances in content and pedagogy.

''(11) Development of incentives to encourage teachers employed by the agency, and other qualified individuals, to obtain proficiency in content knowledge in a core academic subject area identified by the agency as having a shortage of qualified teachers.

''(12) Development and acquisition of curricular materials and other instructional aids, if they are not normally provided by the local educational agency or the State as part of the regular instructional program, that will advance local reform efforts to raise student achievement against State content and student performance standards.

''(13) Providing increased opportunities for minorities, individuals with disabilities, and other individuals underrepresented in the teaching profession.

''SEC. 2020. LOCAL ACCOUNTABILITY.

''(a) ANNUAL REPORTS.—Each local educational agency that receives funds under this subpart shall, beginning in fiscal year 2002, annually compile, publish, and submit to the State educational agency a report on its activities under this subpart, at such time, in such form, and containing such information as the State educational agency may reasonably require.

''(b) CONTENTS.—Each report shall include the following information:

''(1) The percentage of teachers teaching in the jurisdiction of the agency who have not

met State qualifications and licensing criteria for the grade levels and subject areas in which they provide instruction.

''(2) The percentage of teachers teaching in the jurisdiction of the agency under emergency or other provisional status through which State qualifications or licensing criteria have been waived.

''(3) The percentage of teachers teaching in the jurisdiction of the agency who do not hold a postsecondary degree with a major in the subject areas in which they provide instruction.

''(4) The average class size.

''(5) Information on the progress of schools and teachers under this subpart, measured based on the program performance indicators described in section 2041 and any additional indicators included in the local educational agency's application.

''(6) Student achievement.

''(7) Such other information as the State educational agency may reasonably require.

''(c) DISAGGREGATED DATA.—

''(1) IN GENERAL.—Data collected for the purpose of carrying out this section shall be disaggregated by local educational agency and school.

''(2) DATA ON STUDENT ACHIEVEMENT.—Data collected for the purpose of carrying out subsection (b)(6) shall also be disaggregated by the following:

''(A) Gender.

''(B) Each major racial and ethnic group.

''(C) English proficiency status.

''(D) Students with disabilities as compared to nondisabled students.

''(E) Economically disadvantaged students as compared to students who are not economically disadvantaged.

''(d) FUNDING.—A local educational agency may reserve up to 5 percent of the amount it receives under section 2012(a)(1)(A) to carry out this section.

"SEC. 2021. PARENTS' RIGHT TO KNOW.

''Each local educational agency that receives funds under this subpart shall provide, upon request, to any parent of a student attending any school receiving funds under this subpart, in an understandable and uniform format, information regarding the professional qualifications of the student's teacher, including—

''(1) whether the teacher has met State qualification and licensing criteria for the grade levels and subject areas in which the teacher provides instruction;

''(2) whether the teacher is teaching under emergency or other provisional status through which the State qualifications or licensing criteria have been waived;

''(3) the college major of the teacher and any other graduate certification or degree held by the teacher, and the field or discipline of the certificate or degree; and

''(4) the school or local educational agency's hiring policy.

"SEC. 2022. TECHNICAL ASSISTANCE.

''The State educational agency shall provide technical assistance to local educational agencies receiving a subgrant under this subpart that fail for 2 consecutive years to meet their goals, as measured using the performance indicators described in section 2041.

"SEC. 2023. CORRECTIVE ACTION.

''The State educational agency shall take corrective action, against any local educational agency that does not make sufficient effort to comply with this subpart within the time specified. In a case in which a State fails to take corrective action, the Secretary shall withhold funds from such State up to an amount equal to that described in section 2012(d).

"SEC. 2024. MAINTENANCE OF EFFORT.

''No funds may be provided to a local educational agency for a fiscal year under this subpart unless the State educational agency is satisfied that the local educational agency will spend, from other sources, at least as much for activities described in this subpart as the average amount it spent from other sources for those activities over the previous 3 fiscal years.

"SEC. 2025. EQUIPMENT AND TEXTBOOKS.

''A local educational agency may not use subgrant funds under this subpart for equipment, computer hardware, textbooks, telecommunications fees, or other items, that would otherwise be provided by the local educational agency, the State, or a private school whose students receive services under this part.

"SEC. 2026. SUPPLEMENT, NOT SUPPLANT.

''A local educational agency that receives funds under this subpart shall use those funds only to supplement the amount of funds or resources that would, in the absence of those Federal funds, be made available from non-Federal sources for the purposes of the program authorized under this subpart, and not to supplant those non-Federal funds or resources.

"Subpart 3—National Activities for the Improvement of Teaching and School Leadership

"SEC. 2031. ACTIVITIES OF NATIONAL SIGNIFICANCE.

''(a) IN GENERAL.—The Secretary may make grants to, and enter into contracts and cooperative agreements with, local educational agencies, educational service agencies, State educational agencies, State agencies for higher education, institutions of higher education, and other public and private nonprofit agencies, organizations, and institutions to carry out subsection (b).

''(b) ACTIVITIES.—The Secretary—

''(1) may support activities of national significance that are not supported through other sources and that the Secretary determines will contribute to the improvement of teaching and school leadership in the Nation's schools, such as—

''(A) supporting collaborative efforts by States, or consortia of States, to review and benchmark the quality, rigor, and alignment of State standards and assessments;

''(B) supporting collaborative efforts by States, or consortia of States, to develop performance-based systems for assessing content knowledge and teaching skills prior to full teacher licensure;

''(C) efforts to increase the portability of teacher pensions and reciprocity of teaching credentials across State lines; and

''(D) research, evaluation, and dissemination activities related to effective strategies for increasing the portability of teachers' credited years of experience across State and local educational agency lines;

''(2) may support activities of national significance that the Secretary determines will contribute to the recruitment and retention of fully qualified teachers and principals in high-poverty local educational agencies and low-performing local educational agencies, such as—

''(A) providing States with assistance in the development of alternative certification programs that lead to certification within 2 years and require applicants to meet the same standards and pass the same tests as other applicants;

''(B) the development and implementation of a national teacher recruitment clearinghouse and job bank, which shall be coordinated and, to the extent feasible, integrated with the America's Job Bank administered by the Secretary of Labor—

''(i) to disseminate information and resources nationwide on entering the teaching profession to persons interested in becoming teachers;

''(ii) to serve as a national resource center for effective practices in teacher recruitment and retention;

''(iii) to link prospective teachers to local educational agencies and training resources with particular attention to high-poverty local educational agencies and low-performing local educational agencies with critical teacher shortages; and

''(iv) to provide information and technical assistance to prospective teachers about certification and other State and local requirements related to teaching; and

''(C) the development and implementation, or expansion, of programs that recruit talented individuals to become principals, including such programs that employ alternative routes to State certification, and that prepare both new and experienced principals to serve as instructional leaders, which may include the creation and operation of a national center for the preparation and support of principals as leaders of school reform; and

''(3) may support the National Board for Professional Teaching Standards.

"SEC. 2032. PROFESSIONAL DEVELOPMENT FOR PRINCIPALS AS LEADERS OF SCHOOL REFORM.

''(a) COMPETITIVE GRANTS.—The Secretary may reserve not more than 5 percent of the amount appropriated under section 2003(b) for competitive grants to eligible partnerships—

''(1) consisting of—

''(A) one or more institutions of higher education that provide professional development for principals and other school administrators; and

''(B) one or more local educational agencies; and

''(2) that may include other entities, agencies, and organizations, such as a State educational agency, a State agency for higher education, or professional organizations for principals, administrators, teachers, and parents.

''(b) APPLICATION.—An eligible partnership that desires to receive a grant under this section shall submit an application at such time, in such form, and containing such information as the Secretary may require. Each such application shall include—

''(1) a description of the activities the partnership will carry out to meet the purpose of this part;

''(2) a description of how those activities will build on and be coordinated with other professional development activities, including activities under this title and title II of the Higher Education Act of 1965;

''(3) a description of how principals, teachers, and other interested parties were involved in developing the application and will be involved in planning and carrying out the activities under this section; and

''(4) a description of how the professional development will result in the acquisition of a license, degree, or continuing education unit.

''(c) USE OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to provide professional development to principals and other school administrators to enable them to be effective school leaders and prepare all students to achieve to challenging State content and student performance standards, including professional development on—

''(1) comprehensive school reform;

''(2) leadership skills;

''(3) recruitment, assignment, retention and evaluation of teacher and other instructional staff;

''(4) State content standards;

''(5) effective instructional practice;

''(6) using smaller classes effectively; and

''(7) parental and community involvement.

''SEC. 2033. SCHOOL TECHNOLOGY CENTERS.

''(a) COMPETITIVE GRANTS.—The Secretary may reserve not more than 5 percent of the amount appropriated under section 2003(b) for competitive grants to eligible partnerships consisting of—

''(1) one or more institutions of higher education;

''(2) one or more technology-deficient local educational agencies or schools;

''(3) one or more technology-proficient local educational agencies or schools; and

''(4) such other entities, agencies, and organizations, such as a State educational agency, a State agency for higher education, nonprofit organizations, or businesses, as the partners described in paragraphs (1), (2), and (3) determine to be appropriate.

''(b) APPLICATION.—An eligible partnership that desires to receive a grant under this section shall submit an application at such time, in such form, and containing such information as the Secretary may require. Each such application shall include—

''(1) a description of the activities the partnership will carry out under this section;

''(2) a description of how the partners will work together to build the capacity to use technology to improve teaching and learning in the partners described in subsection (a)(2); and

''(3) a description of the goals of each partner and how progress toward those goals will be measured.

''(c) USE OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to develop or expand a technology center serving the partners described in subsection (a)(2).

''SEC. 2034. EISENHOWER NATIONAL CLEARINGHOUSE FOR MATHEMATICS AND SCIENCE EDUCATION.

''(a) ESTABLISHMENT OF CLEARINGHOUSE.—The Secretary shall award a competitive grant or contract to establish the Eisenhower National Clearinghouse for Mathematics and Science Education (hereafter in this section referred to as the 'Clearinghouse').

''(b) AUTHORIZED ACTIVITIES.—

''(1) APPLICATION AND AWARD BASIS.—

''(A) IN GENERAL.—Each entity desiring to establish and operate the Clearinghouse shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(B) PEER REVIEW.—The Secretary shall establish a peer review process to make recommendations on the recipient of the award for the Clearinghouse.

''(C) MERIT.—The Secretary shall make the award for the Clearinghouse on the basis of merit.

''(2) DURATION.—The Secretary shall award the grant or contract for the Clearinghouse for a period of 5 years.

''(3) ACTIVITIES.—The award recipient shall use the award funds to—

''(A) maintain a permanent collection of such mathematics and science education instructional materials and programs for elementary and secondary schools as the Secretary finds appropriate, with a priority for such materials and programs that have been identified as promising or exemplary, through a systematic approach such as the use of expert panels required under the Educational Research, Development, Dissemination, and Improvement Act of 1994;

''(B) disseminate the materials and programs described in paragraph (1) to the public, State educational agencies, institutions of higher education, local educational agencies, and schools (particularly high-poverty, low-performing schools), including through the maintenance of an interactive national electronic information management and retrieval system accessible through the Worldwide Web and other advanced communications technologies;

''(C) coordinate with other databases containing mathematics and science curriculum and instructional materials, including Federal, non-Federal, and, where feasible, international databases;

''(D) support the development and dissemination of model professional development materials in mathematics and science education;

''(E) contribute materials or information, as appropriate, to other national repositories or networks; and

''(F) gather qualitative and evaluative data on submissions to the Clearinghouse, and disseminate that data widely, including through the use of electronic dissemination networks.

''(4) SUBMISSION TO CLEARINGHOUSE.—Each Federal agency or department that develops mathematics or science education instructional materials or programs, including the National Science Foundation and the Department, shall submit copies of that material and those programs to the Clearinghouse.

''(5) STEERING COMMITTEE.—The Secretary may appoint a steering committee to recommend policies and activities for the Clearinghouse.

''(6) APPLICATION OF COPYRIGHT LAWS.—

''(A) IN GENERAL.—Nothing in this section shall be construed to allow the use or copying, in any medium, of any material collected by the Clearinghouse that is protected under the copyright laws of the United States unless the permission of the owner of the copyright is obtained.

''(B) COMPLIANCE.—In carrying out this section, the Clearinghouse shall ensure compliance with title 17 of the United States Code.

''SEC. 2035. DISSEMINATION OF INFORMATION ON RESEARCH-BASED PROFESSIONAL DEVELOPMENT.

''The Secretary shall gather and disseminate information related to comprehensive, research-based professional development, in the core academic subjects other than math and science, including business.

''SEC. 2036. SCHOOL COUNSELING PROGRAM.

''(a) IN GENERAL.—The Secretary may award grants under this section to establish or expand elementary and secondary school counseling programs.

''(b) PRIORITY.—In awarding grants under this section, the Secretary shall give special consideration to applications describing programs that—

''(1) demonstrate the greatest need for new or additional counseling services among the children in the elementary and secondary schools served by the applicant;

''(2) propose the most promising and innovative approaches for initiating or expanding elementary and secondary school counseling; and

''(3) show the greatest potential for replication and dissemination.

''SEC. 2037. HOLOCAUST EDUCATION.

''(a) COMPETITIVE GRANTS.—The Secretary may reserve not more than 5 percent of the amount appropriated under section 2003(b) for competitive grants to eligible Holocaust educators to carry out activities described in this section.

''(b) APPLICATIONS.—To be eligible to receive a grant under this section, an eligible Holocaust educator shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may reasonably require and contain a specific and detailed description of the Holocaust education program for which the grant will be used.

''(c) USE OF FUNDS.—A Holocaust educator receiving a grant under this section shall use such grant to carry out a Holocaust education program that—

''(1) has as its specific and primary purpose the improvement in awareness and understanding of the Holocaust among elementary and secondary school students; and

''(2) to achieve such purpose, furnishes at a school or Holocaust education center—

''(A) 1 or more classes, seminars, or conferences;

''(B) educational materials;

''(C) teaching training; and

''(D) any good or service designed to improve awareness and understanding of the Holocaust.

''SEC. 2038. RURAL TEACHERS.

''(a) COMPETITIVE GRANTS.—The Secretary may reserve not more than 5 percent of the amount appropriated under section 2003(b) for competitive grants to eligible rural local educational agencies to carry out activities described under this section.

''(b) APPLICATIONS.—To be eligible to receive a grant under this section, an eligible rural local educational agency shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may reasonably require.

''(c) USE OF FUNDS.—An eligible rural local educational agency that receives a grant under this section may use such funds to develop incentive programs—

''(1) to recruit and retain fully qualified teachers; and

''(2) to provide high quality professional development to teachers.

''PART B—TRANSITION OF CAREER-CHANGING PROFESSIONALS TO TEACHING; TROOPS TO TEACHERS

''SEC. 2101. FINDINGS.

''The Congress finds as follows:

''(1) School districts will need to hire more than 2,000,000 teachers during the first decade of the 21st century.

''(2) The need for teachers in the areas of math, science, foreign languages, special education, and bilingual education, and for teachers able to teach in high-poverty school districts, will be particularly high. To meet this need, talented Americans of all ages should be recruited to become successful, qualified teachers.

''(3) Nearly 13 percent of teachers of academic subjects have neither an undergraduate major nor minor in their main assignment fields. This problem is most acute in high-poverty local educational agencies, where the out-of-field teaching percentage is 22 percent.

''(4) The Third International Math and Science Study (TIMSS) ranked United States high school seniors last among 16 countries in physics and next to last in math. It is also evident, mainly from the TIMSS data, that based on academic scores,

a stronger emphasis needs to be placed on the academic preparation of our children in math and science.

''(5) One-fourth of high-poverty local educational agencies find it very difficult to fill bilingual teaching positions, and nearly half of public school teachers have students in their classrooms for whom English is a second language.

''(6) Many career-changing professionals with strong content-area skills are interested in a teaching career, but they need assistance in getting the appropriate pedagogical training and classroom experience.

''(7) The teacher placement program known as the 'troops-to-teachers program', which was established by the Secretary of Defense and the Secretary of Transportation under section 1151 of title 10, United States Code, has been highly successful in securing high-quality teachers for teaching positions in high-poverty local educational agencies.

''SEC. 2102. PURPOSE.

''The purpose of this part is to address the need of local educational agencies that are high-poverty local educational agencies or low-performing local educational agencies for fully qualified teachers in particular subject areas, such as mathematics, science, foreign languages, bilingual education, and special education, by—

''(1) continuing and enhancing the troops-to-teachers program for recruiting and supporting the placement of former members of the Armed Forces as teachers in such local educational agencies; and

''(2) recruiting, preparing, placing, and supporting career-changing professionals who have knowledge and experience that will help them become such teachers.

''SEC. 2103. CONTINUATION AND SUPPORT FOR TROOPS-TO-TEACHERS PROGRAM.

''(a) CONTINUATION.—The Secretary may enter into a written agreement with the Secretary of Defense and the Secretary of Transportation, or take such other steps as the Secretary determines are appropriate, to ensure effective continuation of the troops-to-teachers program, notwithstanding the duration of the program specified in section 1151(c)(1)(A) of title 10, United States Code.

''(b) SUPPORT.—Before providing any assistance under section 2104 for a fiscal year, the Secretary shall first—

''(1) consult with the Secretary of Defense and the Secretary of Transportation regarding the appropriate amount of funding needed to continue and enhance the troops-to-teachers program; and

''(2) upon agreement, transfer that amount to the Secretary of Defense to carry out the troops-to-teachers program.

''SEC. 2104. TRANSITION OF CAREER-CHANGING PROFESSIONALS TO TEACHING.

''(a) AUTHORITY TO SUPPORT TRANSITION PROGRAMS.—The Secretary may use funds appropriated pursuant to the authorization of appropriations in section 2108 to award grants to, and enter into contracts or cooperative agreements with, institutions of higher education, including historically Black colleges and universities and Hispanic-serving institutions, and public and private nonprofit agencies or organizations to recruit, prepare, place, and support career-changing professionals as teachers in local educational agencies that are high-poverty local educational agencies or low-performing local educational agencies.

''(b) APPLICATION.—Each entity described in subsection (a) that desires assistance under subsection (a) shall submit an application to the Secretary containing such information as the Secretary may require, including—

''(1) a description of the target group of career-changing professionals upon which the applicant will focus in carrying out its program under this part, including a description of the characteristics of that target group that shows how the knowledge and experience of its members are relevant to meeting the purpose of this part;

''(2) a description of how the applicant will identify and recruit career-changing professionals for its program under this part;

''(3) a description of the training that career-changing professionals will receive in the program and how that training will relate to their certification as teachers;

''(4) a description of how the applicant will ensure that career-changing professionals are placed and teach in high-poverty local educational agencies or low-performing local educational agencies;

''(5) a description of the teacher induction services (which may be provided through existing induction programs) that the career-changing professionals in the program will receive throughout at least their first year of teaching;

''(6) a description of how the applicant will collaborate, as needed, with other institutions, agencies, or organizations to recruit, train, place, and support career-changing professionals under this part, including evidence of the commitment of those institutions, agencies, or organizations to the applicant's program;

''(7) a description of how the applicant will evaluate the progress and effectiveness of its program, including—

''(A) the program's goals and objectives;

''(B) the performance indicators the applicant will use to measure the program's progress; and

''(C) the outcome measures that will be used to determine the program's effectiveness; and

''(8) an assurance that the applicant will provide to the Secretary such information as the Secretary determines necessary to determine the overall effectiveness of programs under this part.

''SEC. 2105. USES OF FUNDS AND PERIOD OF SERVICE.

''(a) AUTHORIZED ACTIVITIES.—Funds provided under section 2104 may be used for—

''(1) recruiting career-changing professionals, including informing them of opportunities under the program and putting them in contact with other institutions, agencies, or organizations that would train, place, and support them;

''(2) training stipends and other financial incentives for career-changing professional in the program, such as moving expenses, not to exceed $5,000, in the aggregate, per participant;

''(3) assisting institutions of higher education or other providers of teacher training to tailor their training to meet the particular needs of career-changing professionals;

''(4) placement activities, including identifying high-poverty, low-performing local educational agencies with needs for the particular skills and characteristics of the newly trained career-changing professionals and assisting those persons to obtain employment in those local educational agencies; and

''(5) post-placement induction or support activities.

''(b) PERIOD OF SERVICE.—A career-changing professional selected to participant in a program under this part who completes his or her training shall serve in a high-poverty local educational agency or a low-performing local educational agency for at least three years.

''(c) REPAYMENT.—The Secretary shall establish such requirements as the Secretary determines appropriate to ensure that career-changing professionals who receive a training stipend or other financial incentive under subsection (a)(2), but who fail to complete their service obligation under subsection (b), repay all or a portion of such stipend or other incentive.

''SEC. 2106. EQUITABLE DISTRIBUTION.

''To the extent practicable, the Secretary shall make awards and enter into contracts and cooperative agreements under section 2104 to support teacher placement programs for career-changing professionals in different geographic regions of the United States.

''SEC. 2107. AUTHORIZATION OF APPROPRIATIONS.

''For the purpose of carrying out this part, there is authorized to be appropriated to the Secretary $18,000,000 for each of fiscal years 2001 through 2005.

''PART C—CLASS SIZE REDUCTION

''SEC. 2201. FINDINGS.

''The Congress finds as follows:

''(1) Rigorous research has shown that students attending small classes in the early grades make more rapid educational progress than students in larger classes, and that these achievement gains persist through at least the elementary grades.

''(2) The benefits of smaller classes are greatest for lower achieving, minority, poor, and inner-city children. One study found that urban fourth-graders in smaller-than-average classes were 3/4 of a school year ahead of their counterparts in larger-than-average classes.

''(3) Teachers in small classes can provide students with more individualized attention, spend more time on instruction and lesson other tasks, cover more material effectively, and are better able to work with parents to further their children's education.

''(4) Smaller classes allow teachers to identify and work more effectively with students who have learning disabilities and, potentially, can reduce those students' need for special education services in the later grades.

''(5) Students in smaller classes are able to become more actively engaged in learning than their peers in large classes.

''(6) Efforts to improve educational achievement by reducing class sizes in the early grades are likely to be more successful if—

''(A) well-prepared teachers are hired and appropriately assigned to fill additional classroom positions; and

''(B) teachers receive intensive, continuing training in working effectively in smaller classroom settings.

''(7) Several States have begun a serious effort to reduce class sizes in the early elementary grades, but these actions may be impeded by financial limitations or difficulties in hiring well-prepared teachers.

''(8) The Federal Government can assist in this effort by providing funding for class-size reductions in grades 1 through 3, and by helping to ensure that the new teachers brought into the classroom are well prepared.

''SEC. 2202. PURPOSE.

''The purpose of this part is to help States and local educational agencies recruit, train, and hire 100,000 additional fully qualified teachers over a 7-year period in order to—

''(1) reduce class sizes nationally, in grades 1 through 3, to an average of 18 students per classroom; and

''(2) improve teaching in the early grades so that all students can learn to read independently and well by the end of the third grade.

''SEC. 2203. PROGRAM AUTHORIZED.

''(a) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated, $1,500,000,000 for fiscal year 2000, $1,800,000,000 for fiscal year 2001, $2,100,000,000 for fiscal year 2002, $2,400,000,000 for fiscal year 2003, $2,700,000,000 for fiscal year 2004, and $3,000,000,000 for fiscal year 2005.

''(b) ALLOTMENTS.—From the amount appropriated under subsection (a) for a fiscal year, the Secretary—

''(1) shall make a total of 1 percent available to the Secretary of the Interior (on behalf of the Bureau of Indian Affairs) and the outlying areas for activities that meet the purpose of this part; and

''(2) shall allot to each State the same percentage of the remaining funds as the percentage it received of funds allocated to States for the previous fiscal year under section 1122 or section 2011(c) (or, as applicable, section 2202(b) (as in effect on the day before the date of the enactment of the Smart Classrooms Act)), whichever percentage is greater, except that such allotments shall be ratably decreased as necessary.

''(c) WITHIN-STATE DISTRIBUTION.——

''(1) IN GENERAL.—Each State that receives an allotment under this section shall distribute the amount of the allotted funds that remain after using funds in accordance with subsection (b)(3) to local educational agencies in the State, of which—

''(A) 80 percent of such remainder shall be allocated to such local educational agencies in proportion to the relative number of children, aged 5 to 17, who reside in the jurisdiction served by such local educational agency and are from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved) for the most recent fiscal year for which satisfactory data is available compared to the number of such individuals who reside in the jurisdictions served by all the local educational agencies in the State for that fiscal year; and

''(B) 20 percent of such remainder shall be allocated to such local educational agencies in accordance with the relative enrollments of children, aged 5 to 17, in public and private nonprofit elementary schools and secondary schools in the jurisdictions within the boundaries of such agencies.

''(2) AWARD RULE.—Notwithstanding paragraph (1), if the award to a local educational agency under this section is less than the starting salary for a new teacher in that agency, the State shall not make the award unless—

''(A) the local educational agency agrees to form a consortium with not less than 1 other local educational agency for the purpose of reducing class size;

''(B) the local educational agency agrees to supplement the award with non-Federal funds sufficient to pay the cost of hiring a teacher; or

''(C) the local educational agency agrees to use the funds for professional development related to teaching smaller classes.

''SEC. 2204. USE OF FUNDS.

''(a) IN GENERAL.—Each local educational agency that receives funds under this part shall use such funds to carry out effective approaches to reducing class size with fully qualified teachers to improve educational achievement for both regular and special-needs children, with particular consideration given to reducing class size in the early elementary grades for which research has shown class size reduction is most effective.

''(b) CLASS REDUCTION.—

''(1) IN GENERAL.—Each such local educational agency may pursue the goal of reducing class size through—

''(A) recruiting, hiring, and training fully qualified regular and special education teachers and teachers of special-needs children;

''(B) testing new teachers for academic content knowledge, and to meet the State qualifications and licensing criteria in the areas in which they teach; and

''(C) providing professional development to teachers, including special education teachers and teachers of special-needs children.

''(2) RESTRICTION(S).—A local educational agency may use not more than a total of 15 percent of the funds received under this part for each of the fiscal years 2000 through 2005, to carry out activities described in subparagraphs (B) and (C) of section 2204(b)(1).

''(3) SPECIAL RULE.—A local educational agency that has already reduced class size in the early grades to 18 or fewer children may use funds received under this part—

''(A) to make further class-size reductions in grades 1 through 3;

''(B) to reduce class size in kindergarten or other grades; or

''(C) to carry out activities to improve teacher quality, including providing—

''(i) professional development;

''(ii) financial incentives to new or veteran fully qualified teachers to join the instructional staff of schools in which at least 50 percent of the students are from low-income families; and

''(iii) financial incentives to fully qualified teachers who are currently teaching in schools in which at least 50 percent of the students are from low-income families.

''(4) RECRUITMENT.—In order to ensure that it hires only fully qualified teachers, a local educational agency that is having difficulty recruiting such teachers to teach in its schools may use funds under this part to recruit such teachers through the use of incentives such as training stipends and scholarships, signing bonuses, and other inducements.

''(5) EXISTING PROGRAMS.—A local educational agency that, prior to enactment of this part, is implementing a program to reduce average class size in the early grades to not more than 20 children may use funds under this part, in accordance with its terms, as if that local educational agency's preexisting average class size goal were the goal of 18 or fewer children.

''(c) SUPPLEMENT NOT SUPPLANT.—A local educational agency shall use funds under this part only to supplement, and not to supplant, State and local funds that, in the absence of such funds, would otherwise be spent for activities under this part.

''(d) PROFESSIONAL DEVELOPMENT.—If a local educational agency uses funds made available under this part for professional development activities, the agency shall ensure the equitable participation of private nonprofit elementary and secondary schools in such activities. Sections 14503 through 14506 shall not apply to other activities under this section.

''(e) ADMINISTRATIVE EXPENSES.—A local educational agency that receives funds under this part may use not more than 3 percent of such funds for local administrative expenses.

''(f) CONSORTIA REQUIREMENT.—Notwithstanding subsection (b)(3), if a local educational agency has already reduced class size in the early grades to 18 or fewer children and intends to use funds provided under this section to carry out professional development activities, including activities to improve teacher quality, then the State shall make the award under subsection (b) to the local educational agency without requiring the formation of a consortium.

''SEC. 2205. COST-SHARING REQUIREMENT.

''(a) FEDERAL SHARE.—The Federal share of the cost of activities carried out under this part—

''(1) may be up to 100 percent in local educational agencies with child-poverty levels of 50 percent or greater; and

''(2) shall be no more than 65 percent for local educational agencies with child-poverty rates of less than 50 percent.

''(b) LOCAL SHARE.—A local educational agency shall provide the non-Federal share of a project under this part through cash expenditures from non-Federal sources, except that if an agency has allocated funds under section 1113(c) to one or more schoolwide programs under section 1114, it may use those funds for the non-Federal share of activities under this program that benefit those schoolwide programs, to the extent consistent with section 1120A(c) and notwithstanding section 1114(a)(3)(B).

''SEC. 2206. REQUEST FOR FUNDS.

''In order for a local educational agency to receive funds under this part, the local educational agency shall include in the application submitted under section 2017 a request for such funds and a description of the agency's program under this part to reduce class size by hiring additional fully qualified teachers.

''SEC. 2207. REPORTS.

''Each State educational agency receiving funds under this part shall report on activities in the State under this section as a part of its report under section 2014.''.

(b) NATIONAL WRITING PROJECT; SABBATICAL LEAVE FOR PROFESSIONAL DEVELOPMENT; GENERAL PROVISIONS.—Title II of such Act is amended by striking part E and inserting the following:

''PART E—NATIONAL WRITING PROJECT

''SEC. 2301. FINDINGS AND PURPOSES.

''(a) FINDINGS.—Congress finds that—

''(1) the United States faces a continuing crisis in writing in schools and in the workplace;

''(2) the writing problem has been magnified by the rapidly changing student population, the growing number of at-risk students due to limited English proficiency, the shortage of adequately trained teachers, and the specialized knowledge required of teachers to teach students with special needs who are now part of mainstream classrooms;

''(3) nationwide reports from universities and colleges show that entering students are unable to meet the demands of college level writing, almost all 2-year institutions of higher education offer remedial writing courses, and three-quarters of public 4-year institutions of higher education and half of all private 4-year institutions of higher education must provide remedial courses in writing;

''(4) American businesses and corporations are concerned about the limited writing skills of both entry-level workers and executives whose promotions are denied due to inadequate writing abilities;

''(5) writing is fundamental to learning, including learning to read, yet writing has

been neglected historically in schools and in teacher training institutions;

''(6) writing is a central feature in State and school district education standards in all disciplines;

''(7) since 1973, the only national program to address the writing problem in the Nation's schools has been the National Writing Project, a network of collaborative university-school programs the goals of which are to improve student achievement in writing and student learning through improving the teaching and uses of writing at all grade levels and in all disciplines;

''(8) the National Writing Project is a nationally recognized and honored nonprofit organization that improves the quality of teaching and teachers through developing teacher leaders who teach other teachers in summer and school year programs;

''(9) evaluations of the National Writing Project document the positive impact the project has had on improving the teaching of writing, student performance in writing, and student learning;

''(10) the National Writing Project has become a model for programs to improve teaching in such other fields as mathematics, science, history, reading and literature, performing arts and foreign languages;

''(11) each year over 150,000 participants benefit from National Writing Project programs in 1 of 156 United States sites located in 46 States and the Commonwealth of Puerto Rico; and

''(12) the National Writing Project is a cost-effective program and leverages over 6 dollars for every 1 Federal dollar.

''(b) PURPOSE.—It is the purpose of this part—

''(1) to support and promote the expansion of the National Writing Project network of sites so that teachers in every region of the United States will have access to a National Writing Project program;

''(2) to ensure the consistent high quality of the sites through ongoing review, evaluation and technical assistance;

''(3) to support and promote the establishment of programs to disseminate effective practices and research findings about the teaching of writing; and

''(4) to coordinate activities assisted under this part with activities assisted under this Act.

''SEC. 2302. AUTHORIZATION.

''(a) AUTHORIZATION.—The Secretary is authorized to make a grant to the National Writing Project (hereafter in this section referred to as the 'grantee'), a nonprofit educational organization that has as its primary purpose the improvement of the quality of student writing and learning, to improve the teaching and uses of writing to learn in our Nation's classrooms.

''(b) REQUIREMENTS OF GRANT.—The grant shall provide that—

''(1) the grantee will enter into contracts with institutions of higher education or other nonprofit educational providers (hereafter in this section referred to as 'contractors') under which the contractors will agree to establish, operate, and provide the non-Federal share of the cost of teacher training programs in effective approaches and processes for the teaching of writing;

''(2) funds made available by the Secretary to the grantee pursuant to any contract entered into under this section will be used to pay the Federal share of the cost of establishing and operating teacher training programs as provided in paragraph (1); and

''(3) the grantee will meet such other conditions and standards as the Secretary determines to be necessary to assure compliance with the provisions of this section and will provide such technical assistance as may be necessary to carry out the provisions of this section.

''(c) TEACHER TRAINING PROGRAMS.—The teacher training programs authorized in subsection (a) shall—

''(1) be conducted during the school year and during the summer months;

''(2) train teachers who teach grades kindergarten through college;

''(3) select teachers to become members of a National Writing Project teacher network whose members will conduct writing workshops for other teachers in the area served by each National Writing Project site; and

''(4) encourage teachers from all disciplines to participate in such teacher training programs.

''(d) FEDERAL SHARE.—

''(1) IN GENERAL.—Except as provided in paragraph (2) or (3) and for purposes of subsection (a), the term 'Federal share' means, with respect to the costs of teacher training programs authorized in subsection (a), 50 percent of such costs to the contractor.

''(2) WAIVER.—The Secretary may waive the provisions of paragraph (1) on a case-by-case basis if the National Advisory Board described in subsection (e) determines, on the basis of financial need, that such waiver is necessary.

''(3) MAXIMUM.—The Federal share of the costs of teacher training programs conducted pursuant to subsection (a) may not exceed $100,000 for any one contractor, or $200,000 for a statewide program administered by any one contractor in at least five sites throughout the State.

''(e) NATIONAL ADVISORY BOARD.—

''(1) ESTABLISHMENT.—The National Writing Project shall establish and operate a National Advisory Board.

''(2) COMPOSITION.—The National Advisory Board established pursuant to paragraph (1) shall consist of—

''(A) national educational leaders;

''(B) leaders in the field of writing; and

''(C) such other individuals as the National Writing Project deems necessary.

''(3) DUTIES.—The National Advisory Board established pursuant to paragraph (1) shall—

''(A) advise the National Writing Project on national issues related to student writing and the teaching of writing;

''(B) review the activities and programs of the National Writing Project; and

''(C) support the continued development of the National Writing Project.

''(f) EVALUATION.—

''(1) IN GENERAL.—The Secretary shall conduct an independent evaluation by grant or contract of the teacher training programs administered pursuant to this Act in accordance with section 14701. Such evaluation shall specify the amount of funds expended by the National Writing Project and each contractor receiving assistance under this section for administrative costs. The results of such evaluation shall be made available to the appropriate committees of the Congress.

''(2) FUNDING LIMITATION.—The Secretary shall reserve not more than $150,000 from the total amount appropriated pursuant to the authority of subsection (h) for fiscal year 1994 and the four succeeding fiscal years to conduct the evaluation described in paragraph (1).

''(g) APPLICATION REVIEW.—

''(1) REVIEW BOARD.—The National Writing Project shall establish and operate a National Review Board that shall consist of—

''(A) leaders in the field of research in writing; and

''(B) such other individuals as the National Writing Project deems necessary.

''(2) DUTIES.—The National Review Board shall—

''(A) review all applications for assistance under this subsection; and

''(B) recommend applications for assistance under this subsection for funding by the National Writing Project.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the grant to the National Writing Project, $15,000,000 for fiscal year 2000 and such sums as may be necessary for each of fiscal years 2001 through 2004.

''PART F—SABBATICAL LEAVE FOR PROFESSIONAL DEVELOPMENT

''SEC. 2351. GRANTS FOR SALARY DURING SABBATICAL LEAVE.

''(a) PROGRAM AUTHORIZED.—The Secretary may make grants to State educational agencies and local educational agencies to pay such agencies for one-half of the amount of the salary that otherwise would be earned by an eligible teacher described in subsection (b), if, in lieu of fulfilling the teacher's ordinary teaching assignment, the teacher completes a course of study described in subsection (c) during a sabbatical term described in subsection (d).

''(b) ELIGIBLE TEACHERS.—An eligible teacher described in this subsection is a teacher who—

''(1) has been employed for the 3 previous years by a local educational agency that is both a high-poverty local educational agency and a low-performing local educational agency;

''(2) has secured from such agency, and any other person or agency whose approval is required under State law, approval to take sabbatical leave for a sabbatical term described in subsection (d); and

''(3) has submitted to the agency an application for a subgrant at such time, in such manner, and containing such information as the agency may require, including—

''(A) written proof—

''(i) of the approval described in paragraph (2); and

''(ii) of the teacher's having been accepted for enrollment in a course of study described in subsection (c); and

''(B) assurances that the teacher—

''(i) will notify the agency in writing within a reasonable time if the teacher terminates enrollment in the course of study described in subsection (c) for any reason;

''(ii) in the discretion of the agency, will reimburse to the agency some or all of the amount of the subgrant if the teacher fails to complete the course of study; and

''(iii) otherwise will provide the agency with proof of having completed such course of study not later than 60 days after such completion;

''(4) has agreed to continue teaching in the high-poverty, low-performing local educational agency for a period of 3 years following the sabbatical;

''(5) has agreed to collaborate with other teachers of the same subject in the local educational agency following the sabbatical to share the skills and knowledge obtained through the sabbatical; and

''(6) has been selected by the agency to receive a subgrant based on the agency's plan for meeting its classroom needs.

''(c) COURSE OF STUDY.—A course of study described in this subsection is a course of study at an institution of higher education that—

''(1) requires not less than one academic semester and not more than one academic year to complete;

''(2) is open for enrollment for professional development purposes to an eligible teacher described in subsection (b); and

''(3) is designed to improve the classroom teaching of such teachers through academic and child development studies.

''(d) SABBATICAL TERM.—A sabbatical term described in this subsection is a leave of absence from teaching duties granted to an eligible teacher for not less than one academic semester and not more than one academic year, during which period the teacher receives—

''(1) one-half of the amount of the salary that otherwise would be earned by the teacher, if the teacher had not been granted a leave of absence, from State or local funds made available by a State educational agency or a local educational agency; and

''(2) one-half of such amount from Federal funds received by such agency through a grant under this section.

''(e) PAYMENTS.—

''(1) TO ELIGIBLE TEACHERS.—In making a subgrant to an eligible teacher under this section, a State educational agency or a local educational agency shall agree to pay the teacher, for tax and administrative purposes, as if the teacher's regular employment and teaching duties had not been suspended.

''(2) REPAYMENT OF SECRETARY.—A State educational agency or a local educational agency receiving a grant under this section shall agree to pay over to the Secretary the Federal share of any amount recovered by the agency pursuant to subsection (b)(3)(B)(ii).

''(f) FUNDING.—For the purpose of carrying out this section, there are authorized to be appropriated $20,000,000 for fiscal year 2000 and such sums as may be necessary for fiscal years 2001 through 2004.

''PART G—IMPROVING SPECIAL EDUCATION QUALITY

''SEC. 2401. SPECIAL EDUCATION TEACHER IMPROVEMENT.

''(a) PURPOSE.—The purpose of this section is to provide assistance through part D of the Individuals with Disabilities Education Act (20 U.S.C. 1451 et seq.) to improve the quality of instruction provided by special education teachers and the instructional strategies of other elementary and secondary school teachers who provide education to children with disabilities.

''(b) GRANTS TO LOCAL EDUCATIONAL AGENCIES.—The Secretary shall make grants to local educational agencies and the outlying areas, and provide funds to the Secretary of the Interior, based on the number of children with disabilities who are receiving special education and related services, for the purpose of providing additional funds to carry out—

''(1) subpart 1 of part D of the Individuals with Disabilities Education Act (20 U.S.C. 1451 et seq.); and

''(2) section 673 of such Act (20 U.S.C. 1473).

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $500,000,000 for each of fiscal years 2000 through 2004.

''(d) DEFINITIONS.—The terms used in this section shall have the meaning given such terms in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

''PART H—GENERAL PROVISIONS

''SEC. 2451. PERFORMANCE INDICATORS.

''(a) MINIMUM INDICATORS.—At a minimum, the indicators of program performance under this title, against which recipients of funds under this title shall report their progress in such manner as the Secretary may determine, are the following:

''(1) Improvement in student achievement.

''(2) Closing of the achievement gap between groups of students.

''(3) An increase in the percentage of fully qualified teachers, including teachers from minority and other historically underrepresented groups.

''(4) An equalization, between high- and low-poverty schools in a local educational agency, of classes in core academic areas taught by fully qualified teachers.

''(5) An increase in the percentage of new teachers receiving support during their first 3 years of teaching.

''(6) An increase in the percentage of teachers participating in high-quality professional development.

''(7) An increase in the percentage of paraprofessionals enrolled in certification programs.

''(8) A decrease in the average class size.

''SEC. 2452. DEFINITIONS.

''As used in this title:

''(1) CAREER-CHANGING PROFESSIONAL.—The term 'career-changing professional' means a person who—

''(A) holds at least a baccalaureate degree;

''(B) demonstrates a commitment to changing the person's current professional career and becoming a teacher; and

''(C) has knowledge and experience that is relevant to teaching a high-need subject area in a high-poverty local educational agency.

''(2) CORE ACADEMIC SUBJECTS.—The term 'core academic subjects' means—

''(A) mathematics;

''(B) science;

''(C) reading (or language arts) and English;

''(D) social studies (history, civics/government, geography, and economics);

''(E) foreign languages; and

''(F) fine arts (music, dance, drama, and the visual arts).

''(3) ELIGIBLE RURAL LOCAL EDUCATIONAL AGENCY.—The term 'eligible rural local educational agency' means a local educational agency—

''(A) that is not located in a metropolitan statistical area, as defined by the Census Bureau; and

''(B) in which 20 percent or more of the children, aged 5 to 17, served by such agency are from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available.

''(4) FULLY QUALIFIED.—The term 'fully qualified'—

''(A) when used with respect to an elementary or secondary school teacher, means that the teacher has obtained certification or passed the State licensing exam and holds a license; and

''(B) when used with respect to—

''(i) an elementary school teacher, means that the teacher holds a bachelor's degree and demonstrates general knowledge, teaching skill, and subject matter knowledge required to teach at the elementary school level the academic subjects described in subparagraphs (A) through (D) of paragraph (2); or

''(ii) a middle or secondary school teacher, means that the teacher holds a bachelor's degree and demonstrates a high level of competency in all subject areas in which he or she teaches through—

''(I) a high level of performance on a rigorous academic subject area test; or

''(II) completion of an academic major in each of the subject areas in which he or she provides instruction.

''(5) HIGH-POVERTY LOCAL EDUCATIONAL AGENCY.—The term 'high-poverty local educational agency' means a local educational agency in which—

''(A) the percentage of children, ages 5 to 17, from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available is 33 percent or greater; or

''(B) the number of such children exceeds 10,000.

''(6) HOLOCAUST EDUCATOR.—The term 'Holocaust educator' means a school, Holocaust education center, or any other person or entity providing education about the Holocaust.

''(7) LOW-PERFORMING LOCAL EDUCATIONAL AGENCY.—The term 'low-performing local educational agency' means—

''(A) a local educational agency that includes a school identified by the agency for school improvement under section 1116(c); or

''(B) a local educational agency that includes a school in which at least 50 percent of the students fail to meet State student performance standards based on assessments the agency is using under part A of title I.

''(8) PROFESSIONAL DEVELOPMENT.—The term 'professional development' means sustained and intensive activities that improve teachers' content knowledge and teaching skills and that—

''(A) enhance the ability of teachers to help all students, including females, minorities, children with disabilities, children with limited English proficiency and economically disadvantaged children, reach high State and local content and student performance standards;

''(B) advance teacher understanding of one or more of the core academic subject areas and effective instructional strategies for improving student achievement in those areas, including technology;

''(C) are directly related to the subject area in which the teacher provides instruction;

''(D) are of sufficient duration to have a positive and lasting impact on classroom instruction;

''(E) are an integral part of broader school and district-wide plans for raising student achievement to State and local standards;

''(F) are aligned with State content and student performance standards;

''(G) are based on the best available research on teaching and learning;

''(H) include professional development activities that involve collaborative groups of teachers and administrators from the same school or district, institutions of higher education, and, to the greatest extent possible, include follow-up and school-based support such as coaching or study groups; and

''(I) as a whole, are regularly evaluated for their impact on increased teacher effectiveness and improved student achievement, with the findings of such evaluations used to improve the quality of professional development.

''(9) TECHNOLOGY DEFICIENT.—The term 'technology deficient', when used with respect to a local educational agency or a school, means that the agency or school does not possess the equipment, networking, or skills to use technology to enhance teaching and learning.

''(10) TECHNOLOGY PROFICIENT.—The term 'technology proficient', when used with respect to a local educational agency or a school, means that the agency or school possesses the equipment, networking, and skills to use technology to enhance teaching and learning.

''(11) TROOPS-TO-TEACHERS PROGRAM.—The term 'troops-to-teachers program' means the teachers and teachers' aide placement program for separated members of the Armed Forces that was established by the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard, under section 1151 of title 10, United States Code.

''(12) UNQUALIFIED TEACHER.—The term 'unqualified teacher' means a teacher who is not fully qualified.''.

(c) CONFORMING AMENDMENTS.—

(1) NATIONAL WRITING PROJECT.—Part K of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8331 et seq.) is repealed.

(2) REFERENCE TO NATIONAL CLEARINGHOUSE FOR MATHEMATICS AND SCIENCE EDUCATION.—Section 13302(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8672(1)) is amended by striking ''2102(b)'' and inserting ''2032(b)''.

(3) DEFINITION OF COVERED PROGRAM.—Section 14101(10)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(10)(C)) is amended by striking ''(other than section 2103 and part D)'' and inserting ''(other than subpart 3 of part A)''.

(4) PRIVATE SCHOOL PARTICIPATION.—Section 14503(b)(1)(B) (20 U.S.C. 8893(b)(1)(B)) of such Act is amended by striking ''(other than section 2103 and part D of such title)''.

SEC. 3. READING EXCELLENCE ACT.

Section 2260(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6661i(a)) is amended by adding at the end the following:

''(3) FISCAL YEARS 2001 TO 2004.—There are authorized to be appropriated to carry out this part $286,000,000 for fiscal year 2001 and such sums as may be necessary for fiscal years 2002 through 2004.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 253, the gentleman from California (Mr. MARTINEZ) and the gentleman from Pennsylvania (Mr. GOODLING) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. MARTINEZ).

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, while my good friend and colleague, the gentleman from California (Mr. MCKEON), has attempted to craft legislation that will ensure our children are taught by highly qualified individuals in an environment conducive to learning, I believe that H.R. 1995 has some serious flaws.

H.R. 1995 says that class size reduction is important but not important enough to merit a separate funding stream. Despite overwhelming support for class size reduction among teachers, students, parents alike, H.R. 1995 effectively repeals President Clinton's 100,000 new teacher program. H.R. 1995 says that teacher quality is important but not important enough to request additional funding over last year's level, even though there is enough money in the budget for a trillion dollar tax cut.

It recognizes the greatest problem of uncertified and out-of-field teaching occurs in urban and rural low-income districts, but their bill then takes money from those districts and sends it to school districts that in all likelihood have already qualified teachers.

Although H.R. 1995, at the insistence of the Democrats, includes a hold-harmless, new funding is allocated under a poorly targeted formula, meaning that over the life of the reauthorization, money will be taken from poor and urban and rural districts and sent to less needy areas.

I believe my substitute, on the other hand, sends a clear message, and that message is that the education of our Nation's children is important. It is important enough for teacher quality and class size reduction. It is important enough for increased Federal spending, and it is important enough to ensure that disadvantaged children have access to the same quality of education as their peers.

Whereas H.R. 1995 rolls funding for the Eisenhower program, Goals 2000, and the Clinton/Clay class size reduction initiative into a block grant to the States, my amendment provides funding for a wide variety of teacher recruitment, retention and professional development activities, in addition to encouraging States to continue standard based reform and continue the commitment made to teachers and students and parents last year to reduce class size in the early grades by maintaining a separate funding stream for class size reduction.

While H.R. 1995 seeks only to maintain the fiscal year 1999 funding level for these activities, my amendment recognizes the importance of high-quality education to our Nation's future by tripling the Federal investment in our public school teachers and providing districts with adequate funding to decrease class sizes to 18 students by 2004. This amendment also is in keeping with the philosophy behind the Federal Government's role in education. It targets money to the neediest school districts where it can have the greatest impact.

Finally, this amendment provides sufficient resources to meet the challenges of skyrocketing school enrollments which will require a new highly qualified teacher corps. As I said before and I will say it again, if Members are serious about improving the quality of funding education in this, the national bill, then they will support this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, when I woke up this morning I looked at the watch and it said 5:30 a.m. Then I looked at the calendar and it said July 20. Then all of a sudden I came to the floor of the House and I discovered this is not July at all; this is December. Christmas is just around the corner.

Normally, back home, we do not put the tree up until after Thanksgiving and then we start putting the ornaments on little by little by little. But here we are going to put the tree up in July, and we are going to put all the ornaments on at one time. Is not that remarkable? Of course, again, then the appropriators have to say, well, obviously if we are going to do all of these things, we will have to eliminate 100,000 new teachers; we will have to eliminate this, this and this because we have to fund these things.

It is an interesting place we work in. I want to make sure my colleagues understand that.

First, the legislation holds no one accountable in relationship to 100,000 new teachers. $1.2 billion that went out last week has absolutely no accountability to ensure that students will benefit from smaller classes.

Second, this legislation puts smaller classes ahead of better teachers. I cannot think of a worse mistake to make than that. It keeps class reduction as the end to all, even in situations such as a poor urban area where reducing class size has resulted in a major increase in the number of unqualified teachers entering the classroom.

The fact is, a class of 10 students with an unqualified teacher is no better and probably much worse than a classroom with 22 students and a highly qualified teacher.

Third, it throws local decision-making in education out the window. Reducing class size is a priority under the Teacher Empowerment Act that we have had before us, but ultimately, under this program and not the Martinez substitute, it is up to local schools to make this decision.

Whether the benefits outweigh the costs, we allow local waivers if reducing class size does not make sense.

Now, a recent study by the Rand Corporation, in relationship to California, says, the costs of reducing class sizes exceeded State funding, forcing districts to raid money for libraries, music, art, maintenance, and other services.

I think we have heard that several times in relationship to IDEA, did not we? They have to rob from everything else on the local level to deal with that mandate. Here we are doing the same thing all over again, and so they have discovered in their Rand study in California that as a matter of fact they had to produce local revenue; and, therefore, they had to take away and reduce the amount of money they spent on libraries, music, art, maintenance and other services that the district provides.

Rather than imposing a one-size-fits-all approach to education as under the Martinez/Clinton proposal, the Teacher Empowerment Act allows local school districts to determine the correct balance between teacher quality and class size. The Teacher Empowerment Act requires that local schools use a portion of their funds to reduce class size but not if it means having to compromise the quality of the teachers they hire.

The President's current 100,000 new teacher program not only provides a single purpose for the use of $1.2 billion but it lacks any accountability. So, again, I go back to my opening statement. This is July 20, folks. This is not December 25. It is not time to put up the Christmas tree. It is not time to sprinkle the ornaments all over that Christmas tree. It is time to think seriously about having quality teachers in every classroom throughout the United States.

Mr. Chairman, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I do not believe it is Christmas time to provide services for children who are needy and need them. I guess it is up to the prerogative of the chairman to provide mischaracterizations of the bill, but that is fine.

Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. CLAY), the ranking member of the committee.

Mr. CLAY. Mr. Chairman, I rise in support of the Martinez substitute. This substitute maintains a separate stream of funding for class size reduction. It passed overwhelmingly last year. Passing this substitute will continue to target funds in current programs to ensure that school districts most in need are served.

The gentleman from California (Mr. MARTINEZ) provides strong accountability provisions to ensure qualified teachers in every classroom. His substitute doubles funding for professional development and class size reduction. It also includes a $500 million authorization to ensure training of special education teachers.

President Clinton's proposal for Troops to Teachers, the proposal of the gentlewoman from Hawaii (Mrs. MINK) for intensive teacher training through sabbaticals, and the emphasis of the gentleman from Wisconsin (Mr. KIND) on principal development are included in this substitute.

Finally, Mr. Chairman, this substitute maintains support for the National Board for Professional Teaching Standards, which operates a national voluntary system to access and certify teachers, and it also provides continued support for standards-based reforms as recommended by the gentleman from Michigan (Mr. KILDEE).

The Martinez substitute makes good on the commitment that we made to reduce class sizes in the early grades.

Mr. Chairman, those who claim support for raising the academic level of disadvantaged students should embrace the Martinez substitute with enthusiasm.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. BOEHNER), the subcommittee chair.

Mr. BOEHNER. Mr. Chairman, I rise today to oppose the amendment of the gentleman from California (Mr. MARTINEZ), not because it is not well meaning or well intentioned but because it goes in the same old direction that Washington has gone in for the last 40 years.

Something has happened over the last 5 years in this Congress and it is not that Republicans have taken control. It is that we as a Congress have done a better job of listening to our local communities, our local school boards and the Nation's 50 governors of all parties.

What has happened out of all of this listening and working with them is that we passed an unfunded mandate bill that said we would not mandate more requirements on States and local communities without the money.

We have passed welfare reform, where we took a whole slew of categorical programs, packaged them together, sent them back to the States so that States and local communities could decide how best to meet the needs of those of little means in their communities. In other words, we trusted the States and local communities to deal with the problems back home.

Earlier this year, we passed the Ed-Flex bill, taking more categorical programs mandated out of Washington, grouped them together, sent them back home because the governors of all parties said, give us the flexibility and hold us accountable for test scores in the end.

So the bill we have before us today is another step in that direction, of working with all the governors, local school boards and parents, to try to give them the flexibility they need to improve the schools and to improve the test scores of our Nation's students.

What they are asking for in return is very simply this: give us the flexibility and hold us accountable for the results that we get from our children. That is the direction the Congress has been going in for the last 5 years, and the fact is that this proposal, offered by our colleague, the gentleman from Pennsylvania (Mr. GOODLING), and pioneered by the gentleman from California (Mr. MCKEON) is a giant step in giving States, teachers, local school boards the kind of flexibility they want.

It has broad bipartisan support. Why not pass it? The gentleman's amendment would go back to the same old tired programs of here are all of these little categorical programs and if the school districts do what we say they should do, then we will give them the money. The fact is I think it has been a failed approach. It has been a hodgepodge.

Local schools need all types of things. Some need more teachers. Some need technology. Some need help in the library. Maybe they need more books. Let us let them decide how to improve the schools and hold them accountable for improving those test scores.

So the amendment of the gentleman from California (Mr. MARTINEZ) would gut the legislation before us today. I think it is a failed policy that we have tried for the last 50 years and we know has not worked. Let us give this an opportunity to pass.

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the last speaker was certainly right. Something has happened in the last 5 years. Locals know best unless we know better.

Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. FATTAH).

Mr. FATTAH. Mr. Chairman, the previous speaker said that we had learned to listen. Well, teachers have said that they do not want this bill. They want the Democratic substitute. Parents have said it through the PTA. We have heard earlier that the governors, that each of the elements of the educational enterprise in our country, support the Democratic substitute over the main bill.

My colleague, the gentleman from Pennsylvania (Mr. GOODLING), the chairman, just said, as he closed his remarks, that it was time for us to think seriously about putting a qualified teacher in every classroom.

Well, let us think about that for a minute. Who has been responsible for putting unqualified teachers in classrooms of children around this country, particularly in areas where children come from low-income families?

□ 1715

Who has been responsible for doubling the number of children in classes that all of us believe ought to be there, including President Clinton who says the number should be 18?

It has not been the Federal Government making these decisions. It is the people that my colleagues suggest they want to give more flexibility to. They want to take these Federal dollars where we are trying to set some priorities that local people agree with, that is, the parents agree, the teachers agree, the local school boards agree. But no, my colleagues want to take the same local entities at the State level, who have made these unfortunate decisions, and give them more of an opportunity.

I think that, as the gentleman from Pennsylvania (Chairman GOODLING) said, let us think seriously about putting quality teachers in every classroom. Let us take our responsibility seriously. Let us be leaders. Let us set some priorities.

The President has said, first and foremost, classroom reduction. That is the Democratic mark. Now if my colleagues would like to come up with another $1.2 billion and do it and focus on some other issues, then fine, let us all work together. But let us not step on this initiative in a way that creates a problem for any of us to have the kind of decision making we want on this issue.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Pennsylvania (Mr. FATTAH) is darn right I can answer the question who made the problems. It has been the Federal Government, as a matter of fact, mandate after mandate back there that somebody has to pay. Therefore, the local district has to make decisions contrary to what they want to do to improve education in the district because they got the mandates from here, unpaid mandates.

Mr. Chairman, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Chairman, I will try to follow that statement.

Mr. Chairman, I will say that, as far as I am concerned, this bill that I am supporting, and I think the chairman has described it excellently, is not only the art of the possible, and by that I mean that we are not giving away everything and promising more than can ever be delivered, this is the art of the possible, but it also sets priorities and sets up accountability standards and fosters what I believe we should be returning to a proper relationship between State and local control and accountability and make those commitments identifiable in this legislation.

The substitute that the gentleman from California (Mr. MARTINEZ) is proposing does not do that. Of course I want to stress, I mean it puts more control back in Washington's hands. I want to stress, however, because I think it has been misrepresented here, that the TEA bill that the gentleman from Pennsylvania (Mr. GOODMAN) is advancing here and that I strongly support does allow and requires new teachers.

It does require a correct balance between teachers and class size. But as I read it, it does not put all of the authority in with the Washington establishment, but does require an approach to improving student achievement.

The President's proposal that we have before us here lacks any accountability on the relationship between reducing class size and making those reductions in fact a measurement on how we improve student achievement. So the accountability standards here I think are very important in their relationship to class size.

Perhaps one of the most important points is that a separate program is not necessary under this proposal. Since teacher quality and class size are so closely interrelated, it makes sense, as the gentleman from Pennsylvania (Mr. GOODLING) has pointed out, for these funds to be under the same grant. I want to repeat that. Not only class size, but also teacher quality.

I might point out that, according to the numbers that I see, I do not think there are 100,000 teachers that are qualified and certified to be hired out there. If anything, we have to put a higher priority on teacher quality and teacher certification.

But I might also point out that State and local school districts that wish to receive a waiver with respect to this program should not have to go to Washington as identified in that bill, but waivers should be State based and again putting that direction and higher priority on State and local control.

I guess I have no more time, but I strongly support it. Ninety-five percent of our program goes directly to schools, and that is very important to remember.

Mr. MARTINEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I will just inform the lady that half of what is in the Republican bill was in my bill before it was in the Republican bill. Of course, we were grateful that they took that and put it in their bill; but, nevertheless, those are our initiatives.

Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. KILDEE).

Mr. KILDEE. Mr. Chairman, the Martinez substitute addresses a number of concerns I have with the underlying bill.

The Martinez substitute targets a greater share of teacher quality funding to disadvantaged school districts than H.R. 1995. This greater emphasis on needy districts reflects the reality of where our greatest problems as a Nation are in maintaining high quality teachers.

The Martinez substitute also raises our commitment to these programs by authorizing $3.5 billion. The substitute does this through separate streams of funding for both teacher quality and class size reduction, thereby not pitting one need against another.

As we have seen from research, it takes both smaller classes and fully qualified teachers to have a positive impact upon student achievement. Both of these priorities funded through separate streams have a greater chance of ensuring that we reach our national priorities of a high quality teacher force and small, manageable class sizes from kindergarten through third grade.

Mr. Chairman, the Martinez substitute amendment is a critical step forward in our effort to ensure a teaching force that is ready for the 21st Century and deserves the support of all Members today.

In my city of Flint, Michigan, about 7 years ago, we did this, the only city in Michigan to do it. Let me tell my colleagues, it has worked. We have quality certified teachers teaching classes of 18. All the tests indicate that those gains those students make persist through the eighth grade examination. This is really a chance to make a real difference in education in this country.

Mr. GOODLING. Mr. Chairman, what is the division of time remaining?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GOODLING) has 9 minutes remaining, and the gentleman from California (Mr. MARTINEZ) has 11 minutes remaining.

Mr. GOODLING. Mr. Chairman, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. RUSH).

Mr. RUSH. Mr. Chairman, I thank the gentleman from California for yielding me this time.

Mr. Chairman, I rise in support of the Martinez substitute. I commend both the gentleman from California (Mr. MARTINEZ) and the ranking member of the committee for the outstanding work that they have done on this substitute.

Mr. Chairman, here we are again debating an issue that is essential to our children's future, and that is the size of the classrooms in our disadvantaged communities. The Republicans have repeatedly attempted to politicize this issue. It is indisputable that reduced class size, especially in the early years, improves student achievement and provides lasting benefits, particularly for disadvantaged students.

H.R. 1995 fails to target funds to the neediest school districts. Are the Republicans suggesting that urban poor and rural poor students are not deserving of adequate funding for public education? Do Republicans not understand that an educated child provides for a more productive work force?

I implore my colleagues on both size of the aisle to come to their senses and support the Martinez substitute. Let us end this political parade and put our children first.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. HOEKSTRA), another subcommittee chairman.

Mr. HOEKSTRA. Mr. Chairman, over the last number of years, we have had the opportunity to travel around the country, taking a look at schools and local programs and identifying what works and what does not work. It is

called Education at a Crossroad. This bill is built on the principles that we outlined as a result of that effort.

The Teacher Empowerment Act follows five important principles, and I think these principles could apply to all Federal education programs because we do recognize how important education is to secure the future of this country.

What are those five principles? We need to empower parents and not bureaucracies. We need to use education methods that work, not fads and gimmicks. We need to spend the money where we have the most impact. That means that we spend the money on the kids; we spend it in the classroom; we do not spend it in Washington; and we do not spend it on red tape. We need a terrific teacher in every classroom. Then we have to have accountability for results.

Because not how much we put it in is what matters. What matters is how much learning takes place.

That is why I oppose the Martinez amendment. Because what it does, it moves us away from these principles. It moves us away from empowering parents. It empowers bureaucracies. It moves the decision making back to Washington. It means that we will end up spending and approving local spending decisions here in Washington, not at the local level.

If we are going to have waivers to a Federal education program, those decisions need to be made at a State and a local level. As we found out in welfare reform, what sense does it make to move decisions from the State level to Washington? Let us keep moving decision making and improving education and make it a local responsibility.

Mr. MARTINEZ. Mr. Chairman, again my amendment is being mischaracterized. We do all of the things that the Republican bill does, but we do it better.

Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. Mr. Chairman, I thank the gentleman from California for yielding to me.

Listening to the debate, a couple of words, operative words come to mind more than anything else. In supporting the Martinez substitute, what we are doing is providing accountability. We are providing local governments with a message that we intend to fulfill our commitments, and we provide the message that we will guarantee our words with actions.

To support H.R. 1995 would be to send the opposite message, that, one, we send the message that we want our local school districts to be able to reduce their class sizes, but, two, we are going to take the money, pull the rug right from under their feet when they are about to start doing that, and say to them go on, go about and do this all by yourself.

It is unfortunate that we cannot, for whatever reasons, decide in this Congress to have the accountability we always say we want our local school boards to have with the parents that send their kids to school. But here we are telling the local governments that we have already sent them down $1.2 billion last year to start reducing class sizes. Some 30,000 teachers have been hired.

Yet, now, all of a sudden, we are going to pull the rug right from under their feet as they start these initiatives. Now they have to find the funding from some other source. What a way to try to organize themselves, to try to conduct their governments at the local level, to have the Federal Government say to them one day, we are going to do this for you on a bipartisan basis last year, and now for us to say go on it alone.

Worse than that, we do not even target monies if we pass H.R. 1995. We need the Martinez substitute because we need to make sure that we are letting schools know that we want to help them where they need it most. If we take away that ability to target the monies, who knows what this money will be spent on. We want accountability at the local level. We should have accountability at the Federal level as well.

Let us stick to the Martinez substitute. Let us not pass H.R. 1995. Let us give schools what we would expect them to get from the parents, what the parents would expect to get from them. That is accountability. Let us do the same here in the Federal Government in Washington, D.C. Let us give them the accountability and guaranties they can do the work they can do.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado (Mr. TANCREDO), another member of our committee.

Mr. TANCREDO. Mr. Chairman, I thank the gentleman from Pennsylvania (Chairman GOODLING) for yielding me this time.

Mr. Chairman, we just came upstairs from a hearing that the subcommittee held. It was subcommittee on examining education programs benefiting Native American children.

□ 1730

It was a fascinating hearing. We heard from a number of people from the BIA and people running Indian schools on reservations. We asked those folks about what they considered to be the most significant change we could possibly provide for them that would make something positive happen in their schools. Because, frankly, today, the educational system for Native Americans is a disaster. From almost any standpoint or any way we want to measure it, it is a disaster. It is perhaps a microcosm of the broader problems we have in this country. So we asked what it was they thought we can do, what can the Federal Government possibly do to help you make it better.

The first thing that was said by the gentleman who is with the BIA, and he went on at some length on this, is essentially this: please give us more flexibility. He said everything that has happened up to this point in time, the 20 to 25 years that we have been experimenting with the various programs handed down by government, all of the individual programs and titles that have tied our hands have made it literally impossible for us, and I am paraphrasing here, I admit, literally impossible for us to do what we have been asking them to do, and that is to improve the quality of education for our children.

He said, please do this for us: give us the money; let us determine how it will be spent. Give us more flexibility in determining exactly who goes to school, in what school, and what kind of a teacher that particular student confronts. That, he said, is what will do more for Indian education than anything else.

Mr. Chairman, I suggest it will also do more for American education, and that is why we have to defeat the Martinez amendment and go with the bill itself.

Mr. MARTINEZ. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, congratulations to teachers. At last, Members on both sides of the aisle in the House of Representatives agree on the fact that teachers are important. Congratulations. It is about time.

But one side, through the Martinez substitute, provides more funds to reduce class size with a guaranty that educators and parents can count on. The Martinez substitute maintains the class size reduction program as a separate program with a dedicated stream of funding, while H.R. 1995 puts all funds in one pool for governors to spend as they will and at their will.

We need a democratic triangle of learning, with dedicated funds to hire qualified teachers on one side; class size reduction on the second side; and in a separate proposal, the third side of the triangle needs to fund school construction and modernization.

Mr. Chairman, we do not need to know rocket science to know that the Martinez substitute is the better choice for our students and our schools, just simple geometry. Vote for the Martinez substitute so our students will have 100,000 more qualified teachers and smaller class sizes. They need and deserve both, not one or the other.

Mr. GOODLING. Mr. Chairman, I yield 1½ minutes to the gentleman from Delaware (Mr. CASTLE), a member of the committee.

Mr. CASTLE. Mr. Chairman, I thank the chairman again and again congratulate him for the work which he has done on this.

Unfortunately, I respectfully rise in opposition to the substitute offered by the gentleman from California (Mr. MARTINEZ). I say regretfully because he is a wonderful guy, not because I necessarily agree with him on the policy.

Unfortunately, the specific set-aside for class size reduction in the Martinez substitute creates a false choice between the need for more teachers and the need for better teachers. We can do better.

The Teacher Empowerment Act maintains our commitment to smaller class size by requiring a portion of funds be used for this purpose, but it also recognizes the different needs of our local school districts by focusing resources on initiatives to improve classroom outcomes for teachers and students alike.

In States like Delaware, where I am from, where the average class size in grades K through 3 is 17 students or in other States where further reductions in class size will result in hiring uncertified or unqualified teachers, these funds can be used to provide teacher training in subject areas like math, science, reading, and the language arts.

The flexibility in the Teacher Empowerment Act recognizes the fact that students in smaller classes may perform better academically, but that advantage is lost if the teacher is unprepared to teach. The Teacher Empowerment Act allows our teachers to receive the intensive long-term training they need to raise the academic achievement of their students.

If the localities are unable to provide professional development, this bill allows the teachers to choose their own high-quality training programs and, in so doing, the Teacher Empowerment Act recognizes the plain truth that a skilled professional can and will raise the academic achievement of the entire classroom, even among our most disadvantaged children, even in classrooms that exceed 18 students.

Finally, it is estimated that approximately 40 percent of teachers will become eligible for some type of retirement during the next 5 years. This bill addresses that as well. I would encourage us all to support the underlying bill and to defeat the Martinez amendment.

Mr. MARTINEZ. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. SANDLIN).

Mr. SANDLIN. Mr. Chairman, I rise today with America's teachers and America's students in support of the Martinez substitute.

I must say I heard a very unique argument just a few moments ago from the other side of the aisle. I have never before heard it said that reduction in class size causes us to have less qualified teachers. What a slap in the face to America's teachers to say something like that. That misguided, illogical and incorrect conclusion is an example of why we need to focus on education in America.

Education is an investment. It is not an expense. It is our most important investment, an investment in our children. Last year we made a commitment. We made a commitment to our teachers, we made a commitment to our children, and we made a commitment to our families. We committed to hiring 100,000 new teachers all across this country in grades 1 through 3 to address the issue of education and to address the issue of juvenile crime.

H.R. 1995 would be a serious step back from that commitment. Because, make no mistake about it, 1995 does not require a reduction in class size. It does not. Martinez does.

We have many other important issues in this country involving education. We need to address those issues. But that does not mean we need to back away from reduction in class size. Let us do the right thing. Let us support Martinez and reduce our class size. Let us do what the teachers and the students in America want us to do and keep our commitments.

Mr. MARTINEZ. Mr. Chairman, I yield 2 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK of Hawaii. Mr. Chairman, I thank the gentleman from California for yielding me this time.

I have been very vocal this afternoon, speaking about the deficits of the bill that we are debating, H.R. 1995, because it does not support the program that the President has recommended for the reduction of the number of students in a typical classroom in the early primary grades. That is an essential signal to this country that we ought to be doing something about.

It is not enough to say that the local people can make these decisions. They have had this opportunity to make these decisions all these years, and yet we see so many jurisdictions with these very crowded classrooms.

The second point is that the primary bill that the Republicans are putting forth today does not support the idea of targeting for the neediest people in our society, whereas the Martinez substitute does.

I want to, however, in just my limited time, focus on one essential ingredient of the Martinez substitute, which retains the language of the current law, and that has to do with assuring that the teachers who are trained have the opportunity to understand the diverse needs of girls in their classes, of students with a different ethnic background who are disadvantaged, and students with disabilities.

Achieving equity in education requires going beyond just access to education. It requires the elimination of subtler forms of inequity. Qualitative, small-scale studies over the last years have cumulatively decided and described the inequities that exist. The AUW report of 1998, Gender Gaps: Where Schools Still Fail Our Children, showed that while inequitable teaching practices are frequently inadvertent, inequality still persists in teaching practices.

Knowing that this is the case, knowing that we have these protections in current law, the Republican bill, H.R. 1995, eliminates these very important provisions from the bill that they are asking the House to vote for. The Martinez substitute keeps and retains this language, and I urge support for the Martinez substitute.

Mr. GOODLING. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina (Mr. DEMINT), another new member of the committee.

Mr. DEMINT. Mr. Chairman, I would like to speak in favor of the Teacher Empowerment Act and against this proposed replacement bill that will reverse all the good that the Teacher Empowerment Act will do for our children and our schools.

One of the most important responsibilities of this Congress is to secure the future for every child in America. Some say we can accomplish this goal best by running our schools from the White House or some congressional committee. Republicans believe that we can secure the future for every child in America best by returning education dollars, decisions and flexibility back home to parents, teachers, and local schools.

The Teacher Empowerment Act does just that. It provides much-needed funds to schools, but it does not tell them how to spend it. It just tells them to get results. Schools can hire teachers and reduce class size; they can focus on innovative programs for math and science; or they can help train teachers.

I am on the Committee on Education and the Workforce and I have heard countless testimonials of educators who have said that if we just give them back the flexibility, the decisions, and the dollars that they can secure the future for our children.

Mr. Chairman, I encourage all of my colleagues to vote for the Teacher Empowerment Act and against the Martinez substitute.

Mr. MARTINEZ. Mr. Chairman, do I have the right to close?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GOODLING) has the right to close.

Mr. MARTINEZ. Mr. Chairman, I yield myself the balance of my time, which is how much?

The CHAIRMAN. The gentleman from California (Mr. MARTINEZ) has 3 minutes remaining.

Mr. MARTINEZ. Mr. Chairman, I yield myself the balance of time, and

in order to respond to the gentleman from South Carolina (Mr. DEMINT), who spoke last, I think there are people who are actually in the education industry that disagree with what he just said. And let me just read what the National School Board Association said about my legislation.

''It is much stronger legislation. Far more targeted Federal dollars are needed if the Nation's public schools are to ensure that students, particularly those in poverty, have a real opportunity to improve student achievement.'' That was on July 16, 1999.

The California Chief State School Officers: ''The Martinez substitute would target Federal resources to two distinct but companion Federal policies without making them compete one against the other for a fixed pot of funds.''

□ 1745

''H.R. 1995 greatly reduces the targeting of Federal resources to the neediest districts with the highest poverty, largest class size and greatest shortage of qualified teachers.''

That was on July 19, 1999.

The National PTA. ''The National PTA urges you to oppose H.R. 1995 when it comes to the floor for a vote on Tuesday, July 20, 1999. We suggest improving the bill by supporting the Martinez substitute, but if it fails, we oppose the passage of the Teacher Empowerment Act.''

That was on July 19, 1999.

The Leadership Conference of Civil Rights. ''We write to express our opposition to the Teacher Empowerment Act of 1999, H.R. 1995, unless it includes class size reduction as a separately authorized program and ensures that all students benefit from quality teachers to meet their particular needs. Combining class size reduction with other programs as proposed in H.R. 1995 will serve merely to undermine its effectiveness, particularly for low-income and minority students, by failing to achieve the goal of hiring 100,000 qualified teachers.''

This was on July 16, 1999.

The American Federation of Teachers. ''The Democratic substitute would continue funding to school districts that need the money the most. H.R. 1995, as proposed, diverts program funds from high poverty districts.''

That was on June 29, 1999.

I urge all of the Members to understand that the people in the industry, the people that are on the front lines, the people who are concerned most about the education of our children, the people who have to respond to the criticism from everybody if they do not do a good job are all in support of my substitute, not the Republican bill, H.R. 1995.

With that, I would urge all of my colleagues to support my bill, vote for my bill and oppose H.R. 1995.

Mr. Chairman, I yield back the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, for years I sat beside a wonderful gentleman who was chairman of the committee and he would say over and over again, ''All of these programs we introduced to help my people have not helped my people.''

I would say over and again, ''Let's change them.'' We never did. Why did they not help rural poor? Why did they not help the disadvantaged? Why did they not help urban poor? Because there was no accountability. Just take the money, do whatever you want to do with the money. No accountability whatsoever.

So now we have an opportunity finally to do something to help the urban poor and the rural poor, the disadvantaged, because we can assure that they have a quality teacher in the classroom which next to their parents will be the most important thing that ever happens to them. Class size reduction alone does not do it. You have to have quality in the classroom.

A gentleman said he is surprised, he never heard anybody say anything about a teacher not being qualified in a classroom. He must have had his head in a hole somewhere. All the studies are saying it has failed. All the studies are saying that they have had to replace people when they had to add new teachers because they reduced the class size with people who were not competent and were not capable of teaching the kind of quality education the most needy children need.

We are in a real world, Mr. Chairman. Let us quit playing this game that somehow or other there are a few trees in Washington and we can pull off money here, there and elsewhere.

Everybody, you say, supports it. Of course they support it. More money. ''Don't worry about quality. Don't worry whether it does any good or not. Just give us more money.''

Oh, I have heard that for 40 years and it has failed and it has failed and it has failed. Now we have a golden opportunity. We know we are not going to get a lot more money. Now we have a golden opportunity to finally, finally insist that those most disadvantaged have a golden opportunity to get a quality teacher in that classroom that will make the difference in their life and will give them the opportunity to succeed like so many other young people have in this country.

Let us do it right this time. Let us admit we failed for 40 years. We have not helped the people we wanted to help. This is an opportunity now. Defeat the Martinez gift list and move ahead with legislation that will give us quality teachers in all classrooms for all children.

Mr. SAM JOHNSON of Texas. Mr. Chairman, I rise today in strong opposition to the Martinez substitute and in support of the Teacher Empowerment Act.

This bill demonstrates and defines the basic philosophy regarding education that separates Republicans from the White House.

Let's be honest—the President just wants a number. The latest mantra coming out of the White House is ''100,000 new teachers.'' It's a nice big number, and it makes for a good soundbite.

Never mind how the teachers are actually trained. Never mind if they truly know the subject they're teaching or not. That isn't the focus for the President—what he wants, quite simply, is for the Federal Government to pay for 100,000 extra bodies. Period.

Republicans believe it's better to have 500,000 better trained teachers than just 100,000 new ones. Instead of telling schools that they must hire teachers, we instead combine the current Federal teacher programs into one grant.

With this money, we let the schools decide how best to spend their money on teachers.

If they need to hire more, fine. If they need to train the ones they already have, even better. If they want to offer salary increases or merit pay, that's OK too.

The point is that we believe local schools and local school districts know their teacher situation better than some bureaucrat sitting in a cubicle in Washington, DC.

The Teacher Empowerment Act passed the Education Committee with bipartisan support, even after a strong, yet unsuccessful, lobbying blitz from the highest officials in the White House.

I think our kids deserve something more than just a sound bite from the President. They deserve to be educated by the best-trained teachers possible, and that's what this bill does. I urge my colleagues to reject the Martinez substitute and support the Teacher Empowerment Act.

Mr. UNDERWOOD. Mr. Chairman, I rise in support of Rep. MARTINEZ's substitute to H.R. 1995, the Teacher Empowerment Act. The intent of H.R. 1995 is admirable, but it falls short of key funding matters vital to our nation's schools and teachers.

Class size reduction was a bipartisan effort in the 105th Congress. H.R. 1995 threatens this agreement by allowing funds for this program to be diverted to other areas. On the other hand, the Martinez substitute not only increases funding for class size reduction programs, it also provides for its separate authorization doubling current funding, a clear signal that we are serious about improving our children's education.

Teacher quality and professional development are two more goals sought for in the Martinez substitute. It doubles the funding for these goals by authorizing $500 million in each of the fiscal years 2000 to 2004.

While H.R. 1995 attempts to funnel federal funds away from local education authorities, the Martinez substitute ensures that educational funding for grades K–12 are directed towards the ''state education agency'' responsible for elementary and secondary education. This ensures that federal funds are used together with the state or territory's own educational programs.

We clearly have a very simple decision to make today, whether we continue to be committed to our children and our teachers, or

whether we choose to stifle our nation's educational excellence. I encourage my colleagues to vote yes on the Martinez substitute and no on H.R. 1995.

Mr. GOODLING. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. EWING). The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. MARTINEZ).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. MARTINEZ. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 253, further proceedings on the amendment in the nature of a substitute offered by the gentleman from California (Mr. MARTINEZ) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to House Resolution 253, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: amendment No. 1 offered by the gentleman from Pennsylvania (Mr. GOODLING); amendment No. 10 offered by the gentlewoman from Hawaii (Mrs. MINK); amendment No. 11 offered by the gentleman from New York (Mr. CROWLEY); and amendment No. 12 offered by the gentleman from California (Mr. MARTINEZ).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 1 OFFERED BY MR. GOODLING

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 424, noes 1, not voting 8, as follows:

[Roll No. 316]

AYES—424

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—1

Paul

NOT VOTING—8

English
Hinchey
Holden
Kennedy
Lewis (GA)
McDermott
Peterson (PA)
Stark

□ 1814

Ms. RIVERS and Mr. BOSWELL changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1815

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. GIBBONS). Pursuant to House Resolution 253, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on each amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 10 OFFERED BY MRS. MINK OF HAWAII

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on Amendment No. 10 offered by the gentlewoman from Hawaii (Mrs. MINK) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 181, noes 242, not voting 10, as follows:

[Roll No. 317]

AYES—181

Abercrombie
Ackerman
Allen
Andrews
Baldacci
Baldwin
Barcia
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Snyder
Spratt
Stabenow
Strickland
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOES—242

Aderholt
Archer
Armey
Bachus
Baird
Baker
Ballenger
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Cardin
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hobson
Hoeffel
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rivers
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Turner
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOT VOTING—10

English
Hilleary
Hinchey
Holden
Kennedy
Lewis (GA)
McDermott
Peterson (PA)
Porter
Stark

□ 1824

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 11 OFFERED BY MR. CROWLEY

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 11 offered by the gentleman from New York (Mr. CROWLEY) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 425, noes 0, not voting 8, as follows:

[Roll No. 318]

AYES—425

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi

Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—8

English
Hinchey
Holden
Kennedy
Lewis (GA)
McDermott
Peterson (PA)
Stark

□ 1831

Mr. GRAHAM changed his vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 12 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MARTINEZ

The CHAIRMAN pro tempore (Mr. GIBBONS). The pending business is the demand for a recorded vote on amendment No. 12 in the nature of a substitute offered by the gentleman from California (Mr. MARTINEZ) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment in the nature of a substitute.

The Clerk redesignated the amendment in the nature of a substitute.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 207, noes 217, not voting 9, as follows:

[Roll No. 319]

AYES—207

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bilbray
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hoeffel
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McHugh
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOES—217

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)

NOT VOTING—9

English
Hinchey
Holden
Kennedy
Lewis (GA)
McDermott
Peterson (PA)
Stark
Young (FL)

□ 1839

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. PEASE) having assumed the chair, Mr. GIBBONS, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1995) to amend the Elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes, pursuant to House Resolution 253, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

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

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GOODLING. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 239, noes 185, not voting 10, as follows:

[Roll No. 320]

AYES—239

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (FL)
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doggett
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Eshoo
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Holt
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kind (WI)
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Miller, George
Mollohan
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Pease
Peterson (MN)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rivers
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Tierney
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—185

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bilbray
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doyle
Edwards
Engel
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hoeffel
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kildee
Kilpatrick
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Snyder
Spratt
Stabenow
Strickland
Stupak
Tanner
Thompson (MS)
Thurman
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOT VOTING—10

English
Hinchey
Holden
Kennedy
Lazio
Lewis (GA)
McDermott
Peterson (PA)
Stark
Waxman

□ 1859

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1995, the Teacher Empowerment Act.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN THE ENGROSSMENT OF H.R. 1995, TEACHER EMPOWERMENT ACT

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 1995, the Clerk be authorized to correct section numbers, punctuation, and cross references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REPORT ON H.R. 2561, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

Mr. LEWIS of California, from the Committee on Appropriations, submitted a privileged report (Rept. No. 106–244) on the bill (H.R. 2561) making appropriations for the Department of Defense for fiscal year ending September 30, 2000, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. All points of order are reserved on the bill.

FINANCIAL SERVICES MODERNIZATION ACT OF 1999

Mr. LEACH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

□ 1900

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from Iowa?

Mr. LAFALCE. Mr. Speaker, reserving the right to object, it is my understanding that it is fully the intent of the gentleman from Iowa (Mr. LEACH) to have conferees appointed, then have those conferees meet on this legislation, and for that conference to proceed on the same inclusive bipartisan basis that characterized the development of H.R. 10 in the Committee on Banking and Financial Services. If that understanding is correct, I would raise no objection.

Mr. LEACH. Mr. Speaker, will the gentleman yield?

Mr. LAFALCE. I yield to the gentleman from Iowa.

Mr. LEACH. Mr. Speaker, let me tell the gentleman from New York (Mr. LAFALCE) that that is the definitive intent of mine. I think it would be a mistake of the House not to proceed with proper order and that this bill should be considered under regular basis in a conference setting, and it would be my hope that conferees would be appointed in the very near future.

Mr. LAFALCE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa.

There was no objection.

The Clerk read the Senate bill, as follows:

S. 900

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 ''Financial Services Modernization Act of 1999''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—FACILITATING AFFILIATION AMONG BANKS, SECURITIES FIRMS, AND INSURANCE COMPANIES

Subtitle A—Affiliations

Sec. 101. Glass-Steagall Act repealed.
Sec. 102. Financial activities.
Sec. 103. Conforming amendments.
Sec. 104. Operation of State law.

Subtitle B—Streamlining Supervision of Bank Holding Companies

Sec. 111. Streamlining bank holding company supervision.
Sec. 112. Authority of State insurance regulator and Securities and Exchange Commission.
Sec. 113. Role of the Board of Governors of the Federal Reserve System.
Sec. 114. Examination of investment companies.
Sec. 115. Equivalent regulation and supervision.
Sec. 116. Interagency consultation.
Sec. 117. Preserving the integrity of FDIC resources.

Subtitle C—Activities of National Banks

Sec. 121. Authority of national banks to underwrite municipal revenue bonds.
Sec. 122. Subsidiaries of national banks.
Sec. 123. Agency activities.
Sec. 124. Prohibiting fraudulent representations.
Sec. 125. Insurance underwriting by national banks.

Subtitle D—National Treatment of Foreign Financial Institutions

Sec. 151. National treatment of foreign financial institutions.
Sec. 152. Representative offices.

TITLE II—INSURANCE CUSTOMER PROTECTIONS

Sec. 201. Functional regulation of insurance.
Sec. 202. Insurance customer protections.
Sec. 203. Federal and State dispute resolution.

TITLE III—REGULATORY IMPROVEMENTS

Sec. 301. Elimination of SAIF and DIF special reserves.
Sec. 302. Expanded small bank access to S corporation treatment.
Sec. 303. Meaningful CRA examinations.
Sec. 304. Financial information privacy protection.
Sec. 305. Cross marketing restriction; limited purpose bank relief; divestiture.
Sec. 306. ''Plain language'' requirement for Federal banking agency rules.
Sec. 307. Retention of ''Federal'' in name of converted Federal savings association.
Sec. 308. Community Reinvestment Act exemption.
Sec. 309. Bank officers and directors as officers and directors of public utilities.
Sec. 310. Control of bankers' banks.
Sec. 311. Multistate licensing and interstate insurance sales activities.
Sec. 312. CRA sunshine requirements.
Sec. 313. Interstate branches and agencies of foreign banks.
Sec. 314. Disclosures to consumers under the Truth in Lending Act.
Sec. 315. Approval for purchases of securities.
Sec. 316. Provision of technical assistance to microenterprises
Sec. 317. Federal reserve audits.
Sec. 318. Study and report on advertising practices of online brokerage services.
Sec. 319. Eligibility of community development financial institution to borrow from the Federal Home Loan Bank system.

TITLE IV—FEDERAL HOME LOAN BANK SYSTEM MODERNIZATION

Sec. 401. Short title.
Sec. 402. Definitions.
Sec. 403. Savings association membership.
Sec. 404. Advances to members; collateral.
Sec. 405. Eligibility criteria.
Sec. 406. Management of banks.
Sec. 407. Resolution Funding Corporation.
Sec. 408. GAO study on Federal Home Loan Bank System capital.

TITLE V—FUNCTIONAL REGULATION OF BROKERS AND DEALERS

Sec. 501. Definition of broker.
Sec. 502. Definition of dealer.
Sec. 503. Definition and treatment of banking products.
Sec. 504. Qualified investor defined.
Sec. 505. Government securities defined.
Sec. 506. Effective date.
Sec. 507. Rule of construction.

TITLE VI—UNITARY SAVINGS AND LOAN HOLDING COMPANIES

Sec. 601. Prevention of creation of new S&L holding companies with commercial affiliates.
Sec. 602. Optional conversion of Federal savings associations.

TITLE VII—ATM FEE REFORM

Sec. 701. Short title.
Sec. 702. Electronic fund transfer fee disclosures at any host ATM.
Sec. 703. Disclosure of possible fees to consumers when ATM card is issued.
Sec. 704. Feasibility study.
Sec. 705. No liability if posted notices are damaged.

TITLE I—FACILITATING AFFILIATION AMONG BANKS, SECURITIES FIRMS, AND INSURANCE COMPANIES

Subtitle A—Affiliations

SEC. 101. GLASS-STEAGALL ACT REPEALED.

(a) SECTION 20 REPEALED.—Section 20 of the Banking Act of 1933 (12 U.S.C. 377) (commonly referred to as the ''Glass-Steagall Act'') is repealed.

(b) SECTION 32 REPEALED.—Section 32 of the Banking Act of 1933 (12 U.S.C. 78) is repealed.

SEC. 102. FINANCIAL ACTIVITIES.

(a) IN GENERAL.—Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843) is amended by adding at the end the following new subsections:

''(k) ENGAGING IN ACTIVITIES THAT ARE FINANCIAL IN NATURE.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a bank holding company may engage in any activity, and may acquire and retain the shares of any company engaged in any activity, that the Board, in coordination with the Secretary of the Treasury, determines (by regulation or order) to be financial in nature or incidental to such financial activities.

''(2) COORDINATION BETWEEN THE BOARD AND THE SECRETARY OF THE TREASURY.—

''(A) PROPOSALS RAISED BEFORE THE BOARD.—

''(i) CONSULTATION.—The Board shall notify the Secretary of the Treasury of, and consult with the Secretary of the Treasury concerning, any request, proposal, or application under this subsection for a determination of whether an activity is financial in nature or incidental to such a financial activity.

''(ii) TREASURY VIEW.—The Board shall not determine that any activity is financial in nature or incidental to a financial activity under this subsection if the Secretary of the Treasury notifies the Board in writing, not later than 30 days after the date of receipt of the notice described in clause (i) (or such longer period as the Board determines to be appropriate in light of the circumstances) that the Secretary of the Treasury believes that the activity is not financial in nature or incidental to a financial activity.

''(B) PROPOSALS RAISED BY THE TREASURY.—

''(i) TREASURY RECOMMENDATION.—The Secretary of the Treasury may, at any time, recommend in writing that the Board find an activity to be financial in nature or incidental to a financial activity.

''(ii) TIME PERIOD FOR BOARD ACTION.—Not later than 30 days after the date of receipt of a written recommendation from the Secretary of the Treasury under clause (i) (or such longer period as the Secretary of the Treasury and the Board determine to be appropriate in light of the circumstances), the Board shall determine whether to initiate a public rulemaking proposing that the subject recommended activity be found to be financial in nature or incidental to a financial activity under this subsection, and shall notify the Secretary of the Treasury in writing of the determination of the Board and, in the

event that the Board determines not to seek public comment on the proposal, the reasons for that determination.

''(3) FACTORS TO BE CONSIDERED.—The Board shall determine that an activity is financial in nature or incidental to financial activities, if the Board finds that such activity is consistent with—

''(A) the purposes of this Act and the Financial Services Modernization Act of 1999;

''(B) changes or reasonably expected changes in the marketplace in which bank holding companies compete;

''(C) changes or reasonably expected changes in the technology for delivering financial services; and

''(D) fostering—

''(i) effective competition with any company seeking to provide financial services in the United States;

''(ii) the efficient delivery of information and services that are financial in nature through the use of technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions; and

''(iii) the provision to customers of any available or emerging technological means for using financial services.

''(4) ACTIVITIES THAT ARE FINANCIAL IN NATURE.—For purposes of this subsection, the following activities shall be considered to be financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding money or securities.

''(B) Insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death, or providing and issuing annuities, and acting as principal, agent, or broker for purposes of the foregoing, in any State, in full compliance with the laws and regulations of that State that apply to each type of insurance license or authorization in that State.

''(C) Providing financial, investment, or economic advisory services, including advising an investment company (as defined in section 3 of the Investment Company Act of 1940).

''(D) Issuing or selling instruments representing interests in pools of assets permissible for a bank to hold directly.

''(E) Underwriting, dealing in, or making a market in securities.

''(F) Engaging in any activity that the Board has determined, by order or regulation that is in effect on the date of enactment of the Financial Services Modernization Act of 1999, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto (subject to the same terms and conditions contained in such order or regulation, unless modified by the Board).

''(G) Engaging, in the United States, in any activity that—

''(i) a bank holding company may engage in outside of the United States; and

''(ii) the Board has determined, under regulations issued pursuant to subsection (c)(13) (as in effect on the day before the date of enactment of the Financial Services Modernization Act of 1999) to be usual in connection with the transaction of banking or other financial operations abroad.

''(H) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution that the bank holding company controls), or otherwise, shares, assets, or ownership interests (including debt or equity securities, partnership interests, trust certificates, or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution or subsidiary of a depository institution; and

''(ii) such shares, assets, or ownership interests are acquired and held by—

(I) a securities affiliate or an affiliate thereof; or

(II) an affiliate of an insurance company described in paragraph (I)(ii) that provides investment advice to an insurance company and is registered pursuant to the Investment Advisers Act of 1940, or an affiliate of such investment adviser, as part of a bona fide underwriting or merchant banking activity, including investment activities engaged in for the purpose of appreciation and ultimate resale or disposition of the investment.

''(I) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls), or otherwise, shares, assets, or ownership interests (including debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution or a subsidiary of a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by an insurance company that is predominantly engaged in underwriting life, accident and health, or property and casualty insurance (other than credit-related insurance) or providing and issuing annuities; and

''(iii) such shares, assets, or ownership interests represent, as determined by the insurance authority of the State of domicile of the insurance company, an investment made in the ordinary course of business of such insurance company in accordance with relevant State law governing such investments.

''(J) Activities that the Board determines (by regulation or order) are complementary to financial activities, or any other service that the Board determines (by regulation or order) not to pose a substantial risk to the safety or soundness of depository institutions or the financial system generally.

''(5) ACTIONS REQUIRED.—

''(A) IN GENERAL.—The Board shall, by regulation or order, define, consistent with the purposes of this Act, the activities described in subparagraph (B) as financial in nature, and the extent to which such activities are financial in nature or incidental to activities that are financial in nature.

''(B) ACTIVITIES.—The activities described in this subparagraph are—

''(i) lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities;

''(ii) providing any device or other instrumentality for transferring money or other financial assets;

''(iii) arranging, effecting, or facilitating financial transactions for the account of third parties; and

''(iv) activities that are complementary to financial activities, or any other service that the Board determines (by regulation or order) not to pose a substantial risk to the safety or soundness of depository institutions or the financial system generally.

''(6) REQUIRED NOTIFICATION.—

''(A) IN GENERAL.—A bank holding company that acquires any company or commences any activity pursuant to this subsection shall provide written notice to the Board describing the activity commenced or conducted by the company acquired not later than 30 calendar days after commencing the activity or consummating the acquisition, as applicable.

''(B) APPROVAL NOT REQUIRED FOR CERTAIN FINANCIAL ACTIVITIES.—Except as provided in subsection (j) with regard to the acquisition of a savings association, a bank holding company may commence any activity, or acquire any company, pursuant to paragraph (4) or any regulation prescribed or order issued under paragraph (5), without prior approval of the Board.

''(l) CONDITIONS FOR ENGAGING IN EXPANDED FINANCIAL ACTIVITIES.—

''(1) IN GENERAL.—Notwithstanding subsection (k), a bank holding company may not engage in any activity, or directly or indirectly acquire or retain shares of any company engaged in any activity, under subsection (k), other than activities permissible for a bank holding company under subsection (c)(8), unless—

''(A) all of the insured depository institution subsidiaries of the bank holding company are well capitalized;

''(B) all of the insured depository institution subsidiaries of the bank holding company are well managed; and

''(C) the bank holding company has filed with the Board—

''(i) a declaration that the company elects to engage in activities or acquire and retain shares of a company which were not permissible for a bank holding company to engage in or acquire before the enactment of the Financial Services Modernization Act of 1999; and

''(ii) a certification that the company meets the requirements of subparagraphs (A) and (B).

''(2) FOREIGN BANKS.—For purposes of paragraph (1), the Board shall apply comparable capital and management standards to a foreign bank that operates a branch or agency or owns or controls a commercial lending company in the United States, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) the term 'well capitalized' has the same meaning as in section 38 of the Federal Deposit Insurance Act;

''(B) the term 'well managed' means—

''(i) in the case of a depository institution that has been examined, unless otherwise determined in writing by the appropriate Federal banking agency—

''(I) the achievement of a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent examination or subsequent review of the depository institution; and

''(II) at least a rating of 2 for management, if that rating is given;

''(ii) in the case of any depository institution that has not been examined, the existence and use of managerial resources that the appropriate Federal banking agency determines are satisfactory; and

''(iii) the terms 'appropriate Federal banking agency' and 'depository institution' have

the same meanings as in section 3 of the Federal Deposit Insurance Act.

''(m) PROVISIONS APPLICABLE TO BANK HOLDING COMPANIES THAT FAIL TO MEET CERTAIN REQUIREMENTS.—

''(1) IN GENERAL.—If the Board finds that—

''(A) a bank holding company is engaged, directly or indirectly, in any activity under subsection (k), other than activities that are permissible for a bank holding company under subsection (c)(8); and

''(B) such bank holding company is not in compliance with the requirements of subsection (l),

the Board shall give notice to the bank holding company to that effect, describing the conditions giving rise to the notice.

''(2) AGREEMENT TO CORRECT CONDITIONS REQUIRED.—Not later than 45 days after the date of receipt by a bank holding company of a notice given under paragraph (1) (or such additional period as the Board may permit), the bank holding company shall execute an agreement with the Board to comply with the requirements applicable to a bank holding company under subsection (l).

''(3) BOARD MAY IMPOSE LIMITATIONS.—Until the conditions described in a notice to a bank holding company under paragraph (1) are corrected, the Board may impose such limitations on the conduct or activities of that bank holding company or any affiliate of that company as the Board determines to be appropriate under the circumstances and consistent with the purposes of this Act.

''(4) FAILURE TO CORRECT.—If the conditions described in a notice to a bank holding company under paragraph (1) are not corrected within 180 days after the date of receipt by the bank holding company of a notice under paragraph (1), the Board may require such bank holding company, under such terms and conditions as may be imposed by the Board and subject to such extension of time as may be granted in the discretion of the Board, either—

''(A) to divest control of any subsidiary insured depository institutions; or

''(B) to cease to engage in any activity conducted by such bank holding company or its subsidiaries (other than a depository institution or a subsidiary of a depository institution) that is not an activity that is permissible for a bank holding company under subsection (c)(8).

''(n) AUTHORITY TO RETAIN COMMODITY ACTIVITIES AND AFFILIATIONS.—Notwithstanding subsection (a), a company that is not a bank holding company or a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978) and becomes a bank holding company after the date of enactment of the Financial Services Modernization Act of 1999, may continue to engage in, or directly or indirectly own or control shares of a company engaged in, activities related to the trading, sale, or investment in commodities and underlying physical properties that were not permissible for bank holding companies to conduct in the United States as of September 30, 1997, if—

''(1) the bank holding company, or any subsidiary of the bank holding company, lawfully was engaged, directly or indirectly, in any of such activities as of September 30, 1997, in the United States;

''(2) the attributed aggregate consolidated assets of the company held by the bank holding company pursuant to this subsection, and not otherwise permitted to be held by a bank holding company, are equal to not more than 5 percent of the total consolidated assets of the bank holding company, except that the Board may increase that percentage by such amounts and under such circumstances as the Board considers appropriate, consistent with the purposes of this Act; and

''(3) the bank holding company does not permit—

''(A) any company, the shares of which it owns or controls pursuant to this subsection, to offer or market any product or service of an affiliated insured depository institution; or

''(B) any affiliated insured depository institution to offer or market any product or service of any company, the shares of which are owned or controlled by such bank holding company pursuant to this subsection.''.

(b) FINANCIAL ACTIVITIES OF BANK HOLDING COMPANIES INELIGIBLE FOR SUBSECTION (k) POWERS.—

(1) IN GENERAL.—Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended to read as follows:

''(8) shares of any company, the activities of which had been determined by the Board by regulation or order under this paragraph as of the day before the date of enactment of the Financial Services Modernization Act of 1999, to be so closely related to banking as to be a proper incident thereto (subject to such terms and conditions contained in such regulation, unless modified by the Board);''.

(2) CONFORMING CHANGES TO OTHER STATUTES.—

(A) AMENDMENT TO THE BANK HOLDING COMPANY ACT AMENDMENTS OF 1970.—Section 105 of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1850) is amended by striking '', to engage directly or indirectly in a nonbanking activity pursuant to section 4 of such Act,''.

(B) AMENDMENT TO THE BANK SERVICE COMPANY ACT.—Section 4(f) of the Bank Service Company Act (12 U.S.C. 1864(f)) is amended by striking the period at the end and inserting the following: ''as of the day before the date of enactment of the Financial Services Modernization Act of 1999.''.

SEC. 103. CONFORMING AMENDMENTS.

Section 10(c)(2)(F)(i) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)(2)(F)(i))is amended—

(1) by inserting ''is permitted for bank holding companies under subsection (c) or (k) of section 4 of the Bank Holding Company Act of 1956, or which'' after ''(i) which''; and

(2) by striking ''section 4(c)'' and inserting ''subsection (c) or (k) of section 4''.

SEC. 104. OPERATION OF STATE LAW.

(a) STATE REGULATION OF THE BUSINESS OF INSURANCE.—The Act entitled ''An Act to express the intent of Congress with reference to the regulation of the business of insurance'' and approved March 9, 1945 (15 U.S.C. 1011 et seq.), commonly referred to as the ''McCarran-Ferguson Act'' remains the law of the United States.

(b) MANDATORY INSURANCE LICENSING REQUIREMENTS.—No person or entity shall provide insurance in a State as principal or agent unless such person or entity is licensed, as required by the appropriate insurance regulator of such State in accordance with the relevant State insurance laws, subject to subsections (c), (d), and (e).

(c) AFFILIATIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), no State may, by statute, regulation, order, interpretation, or other action, prevent or restrict the affiliations authorized or permitted by this Act and the amendments made by this Act.

(2) INSURANCE.—With respect to affiliations between insured depository institutions, or any subsidiary or affiliate thereof, and persons or entities engaged in the business of insurance, paragraph (1) does not prohibit any State from collecting, reviewing, and taking actions on required applications and other documents or reports as may be necessary concerning proposed acquisitions, changes, or continuations of control of any entity engaged in the business of insurance and domiciled in that State, if the State actions do not have the practical effect of discriminating, either intentionally or unintentionally, against an insured depository institution or a subsidiary or affiliate thereof, or against any person or entity based upon affiliation with an insured depository institution.

(d) ACTIVITIES.—

(1) IN GENERAL.—Except as provided in paragraph (3), and except with respect to insurance sales, solicitation, and cross marketing activities, which shall be governed by paragraph (2), no State may, by statute, regulation, order, interpretation or other action, prevent or restrict an insured depository institution or subsidiary or affiliate thereof from engaging directly or indirectly, either by itself or in conjunction with a subsidiary, affiliate, or any other entity or person, in any activity authorized or permitted under this Act and the amendments made by this Act.

(2) INSURANCE SALES.—

(A) IN GENERAL.—In accordance with the legal standards for preemption set forth in the decision of the Supreme Court of the United States in Barnett Bank of Marion County N.A. v. Nelson, 116 S. Ct. 1103 (1996), no State may, by statute, regulation, order, interpretation, or other action, prevent or significantly interfere with the ability of an insured depository institution, or a subsidiary or affiliate thereof, to engage, directly or indirectly, either by itself or in conjunction with a subsidiary, affiliate, or any other party, in any insurance sales, solicitation, or cross-marketing activity.

(B) CERTAIN STATE LAWS PRESERVED.—Notwithstanding subparagraph (A), a State may impose any of the following restrictions, or restrictions that are substantially the same as but no more burdensome or restrictive than those in each of the following clauses:

(i) Restrictions prohibiting the rejection of an insurance policy solely because the policy has been issued or underwritten by any person not associated with such insured depository institution, or any subsidiary or affiliate thereof, when such insurance is required in connection with a loan or extension of credit.

(ii) Restrictions prohibiting a requirement for any debtor, insurer, or insurance agent or broker to pay a separate charge in connection with the handling of insurance that is required in connection with a loan or other extension of credit or the provision of another traditional banking product, unless such charge would be required when the insured depository institution, or any subsidiary or affiliate thereof, is the licensed insurance agent or broker providing the insurance.

(iii) Restrictions prohibiting the use of any advertisement or other insurance promotional material by an insured depository institution, or any subsidiary or affiliate thereof, that would cause a reasonable person to believe mistakenly that—

(I) a State or the Federal Government is responsible for the insurance sales activities of, or stands behind the credit of, the institution, affiliate, or subsidiary; or

(II) a State, or the Federal Government guarantees any returns on insurance products, or is a source of payment on any insurance obligation of or sold by the institution, affiliate, or subsidiary.

(iv) Restrictions prohibiting the payment or receipt of any commission or brokerage fee or other valuable consideration for services as an insurance agent or broker to or by any person, unless such person holds a valid State license regarding the applicable class of insurance at the time at which the services are performed, except that, in this clause, the term ''services as an insurance agent or broker'' does not include a referral by an unlicensed person of a customer or potential customer to a licensed insurance agent or broker that does not include a discussion of specific insurance policy terms and conditions.

(v) Restrictions prohibiting any compensation paid to or received by any individual who is not licensed to sell insurance for the referral of a customer that seeks to purchase, or seeks an opinion or advice on, any insurance product to a person that sells or provides opinions or advice on such product, based on the purchase of insurance by the customer.

(vi) Restrictions prohibiting the release of the insurance information of a customer (defined as information concerning the premiums, terms, and conditions of insurance coverage, including expiration dates and rates, and insurance claims of a customer contained in the records of the insured depository institution, or a subsidiary or affiliate thereof) to any person or entity other than an officer, director, employee, agent, subsidiary, or affiliate of an insured depository institution, for the purpose of soliciting or selling insurance, without the express consent of the customer, other than a provision that prohibits—

(I) a transfer of insurance information to an unaffiliated insurance company, agent, or broker in connection with transferring insurance in force on existing insureds of the insured depository institution, or subsidiary or affiliate thereof, or in connection with a merger with or acquisition of an unaffiliated insurance company, agent, or broker; or

(II) the release of information as otherwise authorized by Federal or State law.

(vii) Restrictions prohibiting the use of health information obtained from the insurance records of a customer for any purpose, other than for its activities as a licensed agent or broker, without the express consent of the customer.

(viii) Restrictions prohibiting the extension of credit (or any product or service that is equivalent to an extension of credit), lease or sale of property of any kind, or furnishing of any services or fixing or varying the consideration for any of the foregoing, on the condition or requirement that the customer obtain insurance from the insured depository institution, a subsidiary or affiliate thereof, or a particular insurer, agent, or broker, other than a prohibition that would prevent any insured depository institution, or any subsidiary or affiliate thereof—

(I) from engaging in any activity that would not violate section 106 of the Bank Holding Company Act Amendments of 1970, as interpreted by the Board of Governors of the Federal Reserve System; or

(II) from informing a customer or prospective customer that insurance is required in order to obtain a loan or credit, that loan or credit approval is contingent upon the procurement by the customer of acceptable insurance, or that insurance is available from the insured depository institution, or any subsidiary or affiliate thereof.

(ix) Restrictions requiring, when an application by a customer for a loan or other extension of credit from an insured depository institution is pending, and insurance is offered or sold to the customer or is required in connection with the loan or extension of credit by the insured depository institution or any subsidiary or affiliate thereof, that a written disclosure be provided to the customer or prospective customer indicating that his or her choice of an insurance provider will not affect the credit decision or credit terms in any way, except that the insured depository institution may impose reasonable requirements concerning the creditworthiness of the insurance provider and scope of coverage chosen.

(x) Restrictions, requiring clear and conspicuous disclosure, in writing where practicable, to the customer prior to the sale of any insurance policy that such policy—

(I) is not a deposit;

(II) is not insured by the Federal Deposit Insurance Corporation;

(III) is not guaranteed by the insured depository institution or, if appropriate, its subsidiaries or affiliates or any person soliciting the purchase of or selling insurance on the premises thereof; and

(IV) where appropriate, involves investment risk, including potential loss of principal.

(xi) Restrictions requiring that, when a customer obtains insurance (other than credit insurance or flood insurance) and credit from an insured depository institution or its subsidiaries or affiliates, or any person soliciting the purchase of or selling insurance on the premises thereof, the credit and insurance transactions be completed through separate documents.

(xii) Restrictions prohibiting, when a customer obtains insurance (other than credit insurance or flood insurance) and credit from an insured depository institution or its subsidiaries or affiliates, or any person soliciting the purchase of or selling insurance on the premises thereof, inclusion of the expense of insurance premiums in the primary credit transaction without the express written consent of the customer.

(xiii) Restrictions requiring—

(I) maintenance of separate and distinct books and records relating to insurance transactions, including all files relating to and reflecting customer complaints; and

(II) that such insurance books and records be made available to the appropriate State insurance regulator for inspection upon reasonable notice.

(C) LIMITATIONS.—

(i) OCC DEFERENCE.—Section 203(e) does not apply with respect to any State statute, regulation, order, interpretation, or other action regarding insurance sales, solicitation, or cross marketing activities described in subparagraph (A) that was issued, adopted, or enacted before September 3, 1998, and that is not described in subparagraph (B).

(ii) NONDISCRIMINATION.—Subsection (e) does not apply with respect to any State statute, regulation, order, interpretation, or other action regarding insurance sales, solicitation, or cross marketing activities described in subparagraph (A) that was issued, adopted, or enacted before September 3, 1998, and that is not described in subparagraph (B).

(iii) CONSTRUCTION.—Nothing in this paragraph shall be construed—

(I) to limit the applicability of the decision of the Supreme Court in Barnett Bank of Marion County N.A. v. Nelson, 116 S. Ct. 1103 (1996) with respect to any State statute, regulation, order, interpretation, or other action that is not referred to or described in this paragraph; or

(II) to create any inference with respect to any State statute, regulation, order, interpretation, or other action that is not referred to in this paragraph.

(3) INSURANCE ACTIVITIES OTHER THAN SALES.—State statutes, regulations, interpretations, orders, and other actions shall not be preempted under paragraph (1) to the extent that they—

(A) relate to, or are issued, adopted, or enacted for the purpose of regulating the business of insurance in accordance with the Act of March 9, 1945 (commonly known as the ''McCarran-Ferguson Act'');

(B) apply only to persons or entities that are not insured depository institutions, but that are directly engaged in the business of insurance (except that they may apply to depository institutions engaged in providing savings bank life insurance as principal to the extent of regulating such insurance);

(C) do not relate to or directly or indirectly regulate insurance sales, solicitations, or cross marketing activities; and

(D) are not prohibited under subsection (e).

(4) FINANCIAL ACTIVITIES OTHER THAN INSURANCE.—No State statute, regulation, interpretation, order, or other action shall be preempted under paragraph (1) to the extent that—

(A) it does not relate to, and is not issued and adopted, or enacted for the purpose of regulating, directly or indirectly, insurance sales, solicitations, or cross marketing activities covered under paragraph (2);

(B) it does not relate to, and is not issued and adopted, or enacted for the purpose of regulating, directly or indirectly, the business of insurance activities other than sales, solicitations, or cross marketing activities, covered under paragraph (3);

(C) it does not relate to securities investigations or enforcement actions referred to in subsection (f); and

(D) it is not prohibited under subsection (e).

(e) NONDISCRIMINATION.—Except as provided in any restriction described in subsection (d)(2)(B), no State may, by statute, regulation, order, interpretation, or other action, regulate the activities authorized or permitted under this Act and the amendments made by this Act, or any other provision of Federal law, of an insured depository institution, or subsidiary or affiliate thereof, to the extent that such statute, regulation, order, interpretation, or other action—

(1) distinguishes by its terms between insured depository institutions, or subsidiaries or affiliates thereof, and other persons or entities engaged in such activities, in a manner that is in any way adverse to any such insured depository institution, or subsidiary or affiliate thereof;

(2) as interpreted or applied, has or will have an impact on insured depository institutions, or subsidiaries or affiliates thereof, that is substantially more adverse than its impact on other persons or entities providing the same products or services or engaged in the same activities that are not insured depository institutions, or subsidiaries or affiliates thereof, or persons or entities affiliated therewith;

(3) effectively prevents an insured depository institution, or subsidiary or affiliate thereof, from engaging in activities authorized or permitted by this Act and the amendments made by this Act, or any other provision of Federal law; or

(4) conflicts with the intent of this Act and the amendments made by this Act generally to permit affiliations that are authorized or permitted by Federal law.

(f) LIMITATION.—Subsections (c) and (d) shall not be construed to affect—

(1) the jurisdiction of the securities commission (or any agency or office performing like functions) of any State, under the laws of that State, to investigate and bring enforcement actions, consistent with section 18(c) of the Securities Act of 1933, with respect to fraud or deceit or unlawful conduct by any person, in connection with securities or securities transactions; or

(2) State laws, regulations, orders, interpretations, or other actions of general applicability relating to the governance of corporations, partnerships, limited liability companies, or other business associations incorporated or formed under the laws of that State or domiciled in that State, or the applicability of the antitrust laws of any State or any State law that is similar to the antitrust laws if such laws, regulations, interpretations, orders, or other actions are not inconsistent with the purposes of this Act to authorize or permit certain affiliations and to remove barriers to such affiliations.

(g) CERTAIN STATE AFFILIATION LAWS PREEMPTED FOR INSURANCE COMPANIES AND AFFILIATES.—Except as provided in subsection (c)(2), no State may, by law, regulation, order, interpretation, or otherwise—

(1) prevent or restrict the ability of any insurer, or any affiliate of an insurer (whether such affiliate is organized as a stock company, mutual holding company, or otherwise), to become a bank holding company, or to acquire control of an insured depository institution, where the practical effect of such State action would be to discriminate, intentionally or unintentionally, against an insurer, or any affiliate of an insurer, based upon its affiliation with an insured depository institution;

(2) limit the amount of the assets of an insurer that may be invested in the voting securities of an insured depository institution (or any company that controls such institution), except that the laws of the State of domicile of the insurer may limit the amount of such investment to an amount that is not less than 5 percent of the admitted assets of the insurer; or

(3) prevent, restrict, or have the authority to review, approve, or disapprove a plan of reorganization by which an insurer proposes to reorganize from mutual form to become a stock insurer (whether as a direct or indirect subsidiary of a mutual holding company or otherwise), unless the State is the State of domicile of the insurer, except that the appropriate regulatory authority of the State of domicile of the insurer shall consult with the appropriate regulatory authority in other States in which the insurer conducts business, regarding issues affecting the best interests of policyholders.

(h) MOTOR VEHICLE RENTAL AGENCY ACTIVITIES.—

(1) FINDINGS.—Congress finds that—

(A) in many States, the insurance laws are unclear as to whether personal insurance sales in connection with the short-term rental or leasing of motor vehicles should be licensed by the State as an insurance activity; and

(B) in those States that have not yet implemented regulations governing the offer or sale of insurance in connection with the short-term lease or rental of a motor vehicle, a presumption should exist that no insurance license is required in connection with such sales.

(2) EXCEPTION FOR CERTAIN INSURANCE PRODUCTS.—Subsection (b) does not apply to any person or entity who offers or provides insurance ancillary to a short-term lease or rental transaction of a motor vehicle in a State that does not, by statute, rule, or regulation, impose any licensing, appointment, personal or corporate qualifications, or education requirements on such persons or entities.

(3) CONSTRUCTION.—Nothing in this subsection shall be construed to alter the validity or effect of any State law, or the prospective application of any final State statute, rule, or regulation which, by its specific terms, expressly regulates or exempts from regulation any person or entity who offers or provides insurance ancillary to a short-term lease or rental transaction of a motor vehicle.

(4) LEASE PERIOD.—For purposes of this subsection, a person shall be considered to be providing insurance ancillary to a short-term lease or rental transaction of a motor vehicle if the lease or rental transaction is for 60 days or less, and the insurance is provided for a period of consecutive days not exceeding the length of the lease or rental.

(5) EFFECT.—This subsection shall remain in effect during the period beginning on the date of enactment of this Act and ending 5 years after that date of enactment.

(i) DEFINITIONS.—For purposes of this section—

(1) the term ''antitrust laws'' has the same meaning as in subsection (a) of the first section of the Clayton Act, and includes section 5 of the Federal Trade Commission Act (to the extent that such section 5 relates to unfair methods of competition);

(2) the term ''insured depository institution'' has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

(3) the term ''State'' means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

Subtitle B—Streamlining Supervision of Bank Holding Companies

SEC. 111. STREAMLINING BANK HOLDING COMPANY SUPERVISION.

Section 5(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)) is amended to read as follows:

''(c) REPORTS AND EXAMINATIONS.—

''(1) REPORTS.—

''(A) IN GENERAL.—The Board, from time to time, may require a bank holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) the financial condition of the bank holding company or subsidiary, systems for monitoring and controlling financial and operating risks, and transactions with depository institution subsidiaries of the bank holding company; and

''(ii) compliance by the company or subsidiary with applicable provisions of this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—For purposes of compliance with this paragraph, the Board shall, to the fullest extent possible, accept—

''(I) reports that a bank holding company or any subsidiary of such company has provided or been required to provide to other Federal or State supervisors or to appropriate self-regulatory organizations;

''(II) information that is otherwise required to be reported publicly; and

''(III) externally audited financial statements.

''(ii) REPORTS FILED WITH OTHER AGENCIES.—In the event that the Board requires a report under this subsection from a functionally regulated subsidiary of a bank holding company of a kind that is not required by another Federal or State regulatory authority or an appropriate self-regulatory organization, the Board shall request that the appropriate regulatory authority or self-regulatory organization obtain such report. If the report is not made available to the Board, and the report is necessary to assess a material risk to the bank holding company or any of its depository institution subsidiaries or compliance with this Act, the Board may require such functionally regulated subsidiary to provide such a report to the Board.

''(2) EXAMINATIONS.—

''(A) EXAMINATION AUTHORITY FOR BANK HOLDING COMPANIES AND SUBSIDIARIES.—Subject to subparagraph (B), the Board may make examinations of each bank holding company and each subsidiary of such holding company in order—

''(i) to inform the Board of the nature of the operations and financial condition of the holding company and such subsidiaries;

''(ii) to inform the Board of—

''(I) the financial and operational risks within the holding company system that may pose a threat to the safety and soundness of any depository institution subsidiary of such holding company; and

''(II) the systems for monitoring and controlling such risks; and

''(iii) to monitor compliance with the provisions of this Act and those governing transactions and relationships between any depository institution subsidiary and its affiliates.

''(B) FUNCTIONALLY REGULATED SUBSIDIARIES.—Notwithstanding subparagraph (A), the Board may make examinations of a functionally regulated subsidiary of a bank holding company only if—

''(i) the Board has reasonable cause to believe that such subsidiary is engaged in activities that pose a material risk to an affiliated depository institution; or

''(ii) based on reports and other available information, the Board has reasonable cause to believe that a subsidiary is not in compliance with this Act or with provisions relating to transactions with an affiliated depository institution, and the Board cannot make such determination through examination of the affiliated depository institution or the bank holding company.

''(C) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a bank holding company to—

''(i) the bank holding company; and

''(ii) any subsidiary of the bank holding company that could have a materially adverse effect on the safety and soundness of any depository institution subsidiary of the holding company due to—

''(I) the size, condition, or activities of the subsidiary; or

''(II) the nature or size of transactions between the subsidiary and any depository institution that is also a subsidiary of the bank holding company.

''(D) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, for the purposes of this paragraph, use the reports of examinations of depository institutions made by the appropriate Federal and State depository institution supervisory authority.

''(E) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, forego an examination by the Board

under this paragraph and instead review the reports of examination made of—

''(i) any registered broker or dealer by or on behalf of the Securities and Exchange Commission;

''(ii) any registered investment adviser properly registered by or on behalf of either the Securities and Exchange Commission or any State;

''(iii) any licensed insurance company by or on behalf of any State regulatory authority responsible for the supervision of insurance companies; and

''(iv) any other subsidiary that the Board finds to be comprehensively supervised by a Federal or State authority.

''(3) CAPITAL.—

''(A) IN GENERAL.—The Board may not, by regulation, guideline, order, or otherwise, prescribe or impose any capital or capital adequacy rules, guidelines, standards, or requirements on any subsidiary of a bank holding company that—

''(i) is not an insured depository institution; and

''(ii) is—

''(I) in compliance with the applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority; or

''(II) properly registered as an investment adviser under the Investment Advisers Act of 1940, or with any State.

''(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to activities of a registered investment adviser other than with respect to investment advisory activities or activities incidental to investment advisory activities.

''(C) LIMITATIONS ON INDIRECT ACTION.—In developing, establishing, or assessing bank holding company capital or capital adequacy rules, guidelines, standards, or requirements for purposes of this paragraph, the Board may not take into account the activities, operations, or investments of an affiliated investment company registered under the Investment Company Act of 1940, if the investment company is not—

''(i) a bank holding company; or

''(ii) controlled by a bank holding company by reason of ownership by the bank holding company (including through all of its affiliates) of 25 percent or more of the shares of the investment company, where the shares owned by the bank holding company have a market value equal to more than $1,000,000.

''(4) TRANSFER OF BOARD AUTHORITY TO APPROPRIATE FEDERAL BANKING AGENCY.—

''(A) IN GENERAL.—In the case of any bank holding company that is not significantly engaged in nonbanking activities, the Board, in consultation with the appropriate Federal banking agency, may designate the appropriate Federal banking agency of the lead insured depository institution subsidiary of such holding company as the appropriate Federal banking agency for the bank holding company.

''(B) AUTHORITY TRANSFERRED.—An agency designated by the Board under subparagraph (A) shall have the same authority as the Board under this Act—

''(i) to examine and require reports from the bank holding company and any affiliate of such company (other than a depository institution) under this section;

''(ii) to approve or disapprove applications or transactions under section 3;

''(iii) to take actions and impose penalties under subsections (e) and (f) of this section and under section 8; and

''(iv) to take actions regarding the holding company, any affiliate of the holding company (other than a depository institution), or any institution-affiliated party of such company or affiliate under the Federal Deposit Insurance Act and any other statute that the Board may designate.

''(C) AGENCY ORDERS.—Section 9 of this Act and section 105 of the Bank Holding Company Act Amendments of 1970 shall apply to orders issued by an agency designated under subparagraph (A) in the same manner as such sections apply to orders issued by the Board.

''(5) FUNCTIONAL REGULATION OF SECURITIES AND INSURANCE ACTIVITIES.—

''(A) SECURITIES ACTIVITIES.—Securities activities conducted in a functionally regulated subsidiary of a bank shall be subject to regulation by the Securities and Exchange Commission, and by relevant State securities authorities, as appropriate, subject to section 104 of the Financial Services Modernization Act of 1999, to the same extent as if they were conducted in a nondepository institution subsidiary of a bank holding company.

''(B) INSURANCE ACTIVITIES.—Subject to section 104 of the Financial Services Modernization Act of 1999, insurance agency and brokerage activities and activities as principal conducted in a functionally regulated subsidiary of a bank shall be subject to regulation by a State insurance authority to the same extent as if they were conducted in a nondepository institution subsidiary of a bank holding company.

''(6) DEFINITION.—For purposes of this subsection, the term 'functionally regulated subsidiary' means any company—

''(A) that is not a bank holding company; and

''(B) that is—

''(i) a broker or dealer that is registered under the Securities Exchange Act of 1934;

''(ii) a registered investment adviser, properly registered by or on behalf of either the Securities and Exchange Commission or any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(iii) an investment company that is registered under the Investment Company Act of 1940;

''(iv) an insurance company or insurance agency that is subject to supervision by a State insurance commission, agency, or similar authority; or

''(v) an entity that is subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.''.

SEC. 112. AUTHORITY OF STATE INSURANCE REGULATOR AND SECURITIES AND EXCHANGE COMMISSION.

Section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844) is amended by adding at the end the following new subsection:

''(g) AUTHORITY OF STATE INSURANCE REGULATOR AND THE SECURITIES AND EXCHANGE COMMISSION.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, any regulation, order, or other action of the Board that requires a bank holding company to provide funds or other assets to an insured depository institution subsidiary shall not be effective nor enforceable, if—

''(A) such funds or assets are to be provided by—

''(i) a bank holding company that is an insurance company or that is a broker or dealer registered under the Securities Exchange Act of 1934; or

''(ii) an affiliate of the insured depository institution that is an insurance company or a broker or dealer registered under the Securities Exchange Act of 1934; and

''(B) the State insurance authority for the insurance company or the Securities and Exchange Commission for the registered broker or dealer, as the case may be, determines in a written notice sent to the bank holding company and to the Board that the bank holding company shall not provide such funds or assets because such action would have a material adverse effect on the financial condition of the insurance company or the broker or dealer, as the case may be.

''(2) NOTICE TO STATE INSURANCE AUTHORITY OR SEC REQUIRED.—If the Board requires a bank holding company, or an affiliate of a bank holding company, that is an insurance company or a broker or dealer, as described in paragraph (1)(A), to provide funds or assets to an insured depository institution subsidiary of the bank holding company pursuant to any regulation, order, or other action of the Board referred to in paragraph (1), the Board shall promptly notify the State insurance authority for the insurance company or the Securities and Exchange Commission, as the case may be, of such requirement.

''(3) DIVESTITURE IN LIEU OF OTHER ACTION.—If the Board receives a notice described in paragraph (1)(B) from a State insurance authority or the Securities and Exchange Commission with regard to a bank holding company or affiliate referred to in that paragraph, the Board may order the bank holding company to divest the insured depository institution subsidiary not later than 180 days after receiving the notice, or such longer period as the Board determines to be consistent with the safe and sound operation of the insured depository institution.

''(4) CONDITIONS BEFORE DIVESTITURE.—During the period beginning on the date on which an order to divest is issued by the Board under paragraph (3) to a bank holding company and ending on the date on which the divestiture is completed, the Board may impose any conditions or restrictions on ownership or operation by the bank holding company of the insured depository institution, including restricting or prohibiting transactions between the insured depository institution and any affiliate of the institution, as are appropriate under the circumstances.

''(5) RULE OF CONSTRUCTION.—No provision of this subsection may be construed to limit or otherwise affect the regulatory authority, including the scope of the authority, of any Federal agency or department with regard to any entity that is within the jurisdiction of such agency or department.''.

SEC. 113. ROLE OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended by inserting after section 10 the following new section:

''SEC. 10A. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

''(a) LIMITATION ON DIRECT ACTION.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a

functionally regulated subsidiary of a bank holding company unless—

''(1) the action is necessary to prevent or redress an unsafe or unsound practice or breach of fiduciary duty by such subsidiary that poses a material risk to—

''(A) the financial safety, soundness, or stability of an affiliated insured depository institution; or

''(B) the domestic or international payment system; and

''(2) the Board finds that it is not reasonably possible to protect effectively against the material risk at issue through action directed at or against the affiliated insured depository institution or against insured depository institutions generally.

''(b) LIMITATION ON INDIRECT ACTION.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a bank holding company where the purpose or effect of doing so would be to take action indirectly against or with respect to a functionally regulated subsidiary of a bank holding company that may not be taken directly against or with respect to such subsidiary in accordance with subsection (a).

''(c) ACTIONS SPECIFICALLY AUTHORIZED.—Notwithstanding subsection (a), the Board may take action under this Act or section 8 of the Federal Deposit Insurance Act to enforce compliance by a functionally regulated subsidiary of a bank holding company with Federal law that the Board has specific jurisdiction to enforce against such subsidiary.

''(d) 'FUNCTIONALLY REGULATED SUBSIDIARY' DEFINED.—For purposes of this section, the term 'functionally regulated subsidiary' has the same meaning as in section 5(c)(6).''.

SEC. 114. EXAMINATION OF INVESTMENT COMPANIES.

(a) EXCLUSIVE COMMISSION AUTHORITY.—Except as provided in subsection (c), a Federal banking agency may not inspect or examine any registered investment company that is not a bank holding company or a savings and loan holding company.

(b) EXAMINATION RESULTS AND OTHER INFORMATION.—The Commission shall provide to any Federal banking agency, upon request, the results of any examination, reports, records, or other information with respect to any registered investment company to the extent necessary for the agency to carry out its statutory responsibilities.

(c) CERTAIN EXAMINATIONS AUTHORIZED.—Nothing in this section shall prevent the Corporation, if the Corporation finds it necessary to determine the condition of an insured depository institution for insurance purposes, from examining an affiliate of any insured depository institution, pursuant to its authority under section 10(b)(4) of the Federal Deposit Insurance Act, as may be necessary to disclose fully the relationship between the insured depository institution and the affiliate, and the effect of such relationship on the insured depository institution.

(d) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) BANK HOLDING COMPANY.—The term ''bank holding company'' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

(2) CORPORATION.—The term ''Corporation'' means the Federal Deposit Insurance Corporation.

(3) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(4) FEDERAL BANKING AGENCY.—The term ''Federal banking agency'' has the same meaning as in section 3(z) of the Federal Deposit Insurance Act.

(5) REGISTERED INVESTMENT COMPANY.—The term ''registered investment company'' means an investment company that is registered with the Commission under the Investment Company Act of 1940.

(6) SAVINGS AND LOAN HOLDING COMPANY.—The term ''savings and loan holding company'' has the same meaning as in section 10(a)(1)(D) of the Home Owners' Loan Act.

SEC. 115. EQUIVALENT REGULATION AND SUPERVISION.

(a) IN GENERAL.—Notwithstanding any other provision of law, the provisions of—

(1) section 5(c) of the Bank Holding Company Act of 1956 (as amended by this Act) that limit the authority of the Board of Governors of the Federal Reserve System to require reports from, to make examinations of, or to impose capital requirements on holding companies and their functionally regulated subsidiaries or that require deference to other regulators;

(2) section 5(g) of the Bank Holding Company Act of 1956 (as added by this Act) that limit the authority of the Board to require capital from a functionally regulated subsidiary of a holding company to an insured depository institution subsidiary of the holding company and to take certain actions including requiring divestiture of the insured depository institution; and

(3) section 10A of the Bank Holding Company Act of 1956 (as added by this Act) that limit whatever authority the Board might otherwise have to take direct or indirect action with respect to holding companies and their functionally regulated subsidiaries,

shall also limit whatever authority that a Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act) might otherwise have under applicable Federal law to require reports, make examinations, impose capital requirements, or take any other direct or indirect action with respect to any functionally regulated subsidiary of an insured depository institution, subject to the same standards and requirements as are applicable to the Board under those provisions.

(b) CERTAIN EXEMPTION AUTHORIZED.—Nothing in this section shall prevent the Federal Deposit Insurance Corporation, if the Corporation finds it necessary to determine the condition of an insured depository institution for insurance purposes, from examining an affiliate of any insured depository institution, pursuant to its authority under section 10(b)(4) of the Federal Deposit Insurance Act, as may be necessary to disclose fully the relationship between the depository institution and the affiliate, and the effect of such relationship on the depository institution.

(c) ''FUNCTIONALLY REGULATED SUBSIDIARY'' DEFINED.—For purposes of this section, the term ''functionally regulated subsidiary'' has the same meaning as in section 5(c)(6) of the Bank Holding Company Act of 1956, as amended by this Act.

SEC. 116. INTERAGENCY CONSULTATION.

(a) EXAMINATION RESULTS AND OTHER INFORMATION.—

(1) INFORMATION OF THE BOARD.—Upon the request of the appropriate insurance regulator of any State, the Board may provide to that regulator any information of the Board regarding the financial condition, risk management policies, and operations of any bank holding company that controls a company that is engaged in insurance activities and is regulated by that State insurance regulator, and regarding any transaction or relationship between such an insurance company and any affiliated depository institution. The Board may provide any other information to the appropriate State insurance regulator that the Board believes is necessary or appropriate to permit the State insurance regulator to administer and enforce applicable State insurance laws.

(2) BANKING AGENCY INFORMATION.—Upon the request of the appropriate insurance regulator of any State, the appropriate Federal banking agency may provide to that regulator any information of the agency regarding any transaction or relationship between a depository institution supervised by that Federal banking agency and any affiliated company that is engaged in insurance activities regulated by the State insurance regulator. The appropriate Federal banking agency may provide any other information to the appropriate State insurance regulator that the agency believes is necessary or appropriate to permit the State insurance regulator to administer and enforce applicable State insurance laws.

(3) STATE INSURANCE REGULATOR INFORMATION.—Upon the request of the appropriate Federal banking agency, a State insurance regulator may provide any examination or other reports, records, or other information to which the State insurance regulator may have access with respect to a company that—

(A) is engaged in insurance activities and is regulated by that insurance regulator; and

(B) is an affiliate of an insured depository institution or a bank holding company.

(b) CONSULTATION.—Before making any determination relating to the initial affiliation of, or the continuing affiliation of, an insured depository institution or bank holding company with a company engaged in insurance activities, the appropriate Federal banking agency shall consult with the appropriate State insurance regulator of such company and take the views of such insurance regulator into account in making such determination.

(c) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall limit in any respect the authority of the appropriate Federal banking agency with respect to an insured depository institution or bank holding company or any affiliate thereof under any provision of law.

(d) CONFIDENTIALITY AND PRIVILEGE.—

(1) CONFIDENTIALITY.—The appropriate Federal banking agency may not provide any information or material that is entitled to confidential treatment under applicable Federal banking agency regulations, or other applicable law, to a State insurance regulator, unless such regulator agrees to maintain the information or material in confidence and to take all reasonable steps to oppose any effort to secure disclosure of the information or material by the regulator. The appropriate Federal banking agency shall treat as confidential any information or material obtained from a State insurance regulator that is entitled to confidential treatment under applicable State regulations, or other applicable law, and take all reasonable steps to oppose any effort to secure disclosure of the information or material by the Federal banking agency.

(2) PRIVILEGE.—The provision pursuant to this section of information or material by a Federal banking agency or a State insurance regulator shall not constitute a waiver of, or

otherwise affect, any privilege to which the information or material is otherwise subject.

(e) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) APPROPRIATE FEDERAL BANKING AGENCY; INSURED DEPOSITORY INSTITUTION.—The terms ''appropriate Federal banking agency'' and ''insured depository institution'' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

(2) BOARD; BANK HOLDING COMPANY.—The terms ''Board'' and ''bank holding company'' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

SEC. 117. PRESERVING THE INTEGRITY OF FDIC RESOURCES.

Section 11(a)(4)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(4)(B)) is amended by striking ''to benefit any shareholder of'' and inserting ''to benefit any shareholder, affiliate (other than an insured depository institution that receives assistance in accordance with the provisions of this Act), or subsidiary of''.

Subtitle C—Activities of National Banks

SEC. 121. AUTHORITY OF NATIONAL BANKS TO UNDERWRITE MUNICIPAL REVENUE BONDS.

The paragraph designated the Seventh of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24(7)) is amended by adding at the end the following:

''The limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account do not apply to obligations (including limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of the Internal Revenue Code of 1986) issued by or on behalf of any State or political subdivision of a State, including any municipal corporate instrumentality of 1 or more States, or any public agency or authority of any State or political subdivision of a State, if the national banking association is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act).''.

SEC. 122. SUBSIDIARIES OF NATIONAL BANKS.

(a) IN GENERAL.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended—

(1) by redesignating section 5136A as section 5136C; and

(2) by inserting after section 5136 (12 U.S.C. 24) the following new section:

''SEC. 5136A. SUBSIDIARIES OF NATIONAL BANKS.

''(a) AUTHORIZATION TO CONDUCT IN OPERATING SUBSIDIARIES CERTAIN ACTIVITIES THAT ARE FINANCIAL IN NATURE.—

''(1) IN GENERAL.—Subject to paragraph (2), a national bank may control a financial subsidiary, or hold an interest in a financial subsidiary, only if—

''(A) the consolidated total assets of the national bank do not exceed $1,000,000,000;

''(B) the national bank is not an affiliate of a bank holding company;

''(C) the subject activities are not real estate development or real estate investment activities, unless otherwise expressly authorized by law;

''(D) the national bank and each insured depository institution affiliate of the national bank is well capitalized and well managed; and

''(E) the national bank has received the approval of the Comptroller of the Currency to engage in such activities, which approval shall be based solely upon the factors set forth in subparagraph (D) and factors set forth in subsection (c).

''(2) REGULATIONS REQUIRED.—The Comptroller of the Currency shall, by regulation, prescribe procedures for the enforcement of this section.

''(b) SAFETY AND SOUNDNESS FIRE WALLS.—

''(1) CAPITAL REDUCTION REQUIRED.—In determining compliance with applicable capital standards for purposes of subsection (a)(1)(D)—

''(A) the aggregate amount of outstanding equity investments by a national bank in a financial subsidiary shall be deducted from the assets and tangible equity of the national bank; and

''(B) the assets and liabilities of the financial subsidiary shall not be consolidated with those of the national bank.

''(2) INVESTMENT LIMITATION.—A national bank may not, without the prior approval of the Comptroller of the Currency, make any equity investment in a financial subsidiary of the bank if that investment would, when made, exceed the amount that the national bank could pay as a dividend without obtaining prior regulatory approval.

''(c) SAFEGUARDS FOR THE BANK.—A national bank that establishes or maintains a financial subsidiary shall assure that—

''(1) the procedures of the national bank for identifying and managing financial and operational risks within the national bank and financial subsidiary adequately protect the national bank from such risks;

''(2) the bank has, for the protection of the national bank, reasonable policies and procedures to preserve the separate corporate identity and limited liability of the national bank and the financial subsidiaries of the national bank; and

''(3) the national bank is in compliance with this section.

''(d) STREAMLINING REGULATION AND SUPERVISION AND ENCOURAGING CONSULTATION AMONG FEDERAL AND STATE REGULATORS.—

''(1) IN GENERAL.—To the extent that a national bank engages in activities that are authorized by subsection (a) through a functionally regulated financial subsidiary, the regulation and supervision of such subsidiary by the Comptroller of the Currency, including its ability to require a contribution of capital or assets to the national bank from that functionally regulated financial subsidiary, shall be limited, as set forth under section 115 of the Financial Services Modernization Act of 1999.

''(2) INTERAGENCY CONSULTATION.—The provisions of section 116 of the Financial Services Modernization Act of 1999, relating to interagency consultation, shall apply to the Comptroller of the Currency and the appropriate State regulators of functionally regulated financial subsidiaries of a national bank.

''(e) PRESERVATION OF EXISTING OPERATING SUBSIDIARY AUTHORITY.—Notwithstanding any other provision of this section—

''(1) a national bank may retain control of a company, or retain an interest in a company, and conduct through such company any activities lawfully conducted therein as of the date of enactment of the Financial Services Modernization Act of 1999; and

''(2) a national bank may own shares of or any other interest in any company that is engaged only in activities that are permissible for the national bank to engage in directly, if such activities are engaged in under the same terms and conditions that would govern the conduct if conducted by a national bank directly.

''(f) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) FINANCIAL SUBSIDIARY.—The term 'financial subsidiary' means a company that—

''(A) is a subsidiary of a national bank; and

''(B) is engaged as principal in any activity that is permissible for a bank holding company under section 4(k) of the Bank Holding Company Act of 1956 and is not permissible for national banks to engage in directly.

''(2) FUNCTIONALLY REGULATED.—The term 'functionally regulated financial subsidiary' means a financial subsidiary that is—

''(A) a broker or dealer that is registered under the Securities Exchange Act of 1934;

''(B) an investment adviser that is registered under the Investment Advisers Act of 1940, or with any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(C) an insurance company that is subject to supervision by a State insurance commission, agency, or similar authority; and

''(D) an entity that is subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.

''(3) SUBSIDIARY.—The term 'subsidiary' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

''(4) WELL CAPITALIZED.—The term 'well capitalized' has the same meaning as in section 38 of the Federal Deposit Insurance Act.

''(5) WELL MANAGED.—The term 'well managed' means—

''(A) in the case of a depository institution that has been examined, unless otherwise determined in writing by the appropriate Federal banking agency—

''(i) the achievement of a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent examination or subsequent review of the depository institution; and

''(ii) at least a rating of 2 for management, if such rating is given; or

''(B) in the case of any depository institution that has not been examined, the existence and use of managerial resources that the appropriate Federal banking agency determines are satisfactory.

''(6) INCORPORATED DEFINITIONS.—The terms 'appropriate Federal banking agency', 'depository institution', and 'insured depository institution', have the same meanings as in section 3 of the Federal Deposit Insurance Act.''.

(b) LIMITING THE CREDIT EXPOSURE OF A NATIONAL BANK TO A FINANCIAL SUBSIDIARY TO THE AMOUNT OF PERMISSIBLE CREDIT EXPOSURE TO AN AFFILIATE.—Section 23A of the Federal Reserve Act (12 U.S.C. 371c) is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d), the following new subsection:

''(e) RULES RELATING TO NATIONAL BANKS WITH FINANCIAL SUBSIDIARIES.—

''(1) FINANCIAL SUBSIDIARY DEFINED.—For purposes of this section and section 23B, the term 'financial subsidiary' has the same meaning as in section 5136A(f) of the Revised Statutes of the United States.

''(2) APPLICATION TO TRANSACTIONS BETWEEN A FINANCIAL SUBSIDIARY OF A NATIONAL BANK AND THE NATIONAL BANK.—For purposes of applying this section and section 23B to a transaction between a financial subsidiary of a national bank and the national bank (or between such financial subsidiary and any other subsidiary of the national bank that is not a financial subsidiary), and notwithstanding subsection (b)(2) of this section or section 23B(d)(1)—

''(A) the financial subsidiary of the national bank—

''(i) shall be deemed to be an affiliate of the national bank and of any other subsidiary of the bank that is not a financial subsidiary; and

''(ii) shall not be deemed to be a subsidiary of the national bank; and

''(B) a purchase of or investment in equity securities issued by the financial subsidiary shall not be deemed to be a covered transaction.

''(3) APPLICATION TO TRANSACTIONS BETWEEN FINANCIAL SUBSIDIARY AND NONBANK AFFILIATES.—

''(A) IN GENERAL.—A transaction between a financial subsidiary and an affiliate of the financial subsidiary (that is not a subsidiary of a national bank) shall not be deemed to be a transaction between a subsidiary of a national bank and an affiliate of that bank for purposes of section 23A or section 23B.

''(B) CERTAIN AFFILIATES EXCLUDED.—For purposes of this paragraph, the term 'affiliate' does not include a national bank, or a subsidiary of a national bank that is engaged exclusively in activities permissible for a national bank to engage in directly or agency activities permitted under section 123 of the Financial Services Modernization Act of 1999.''.

(c) ANTITYING.—Section 106(a) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1971) is amended by adding at the end the following: ''For purposes of this section, a financial subsidiary of a national bank engaging in activities pursuant to section 5136A(a) of the Revised Statutes of the United States shall be deemed to be a subsidiary of a bank holding company, and not a subsidiary of a bank.''.

(d) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States is amended—

(1) by redesignating the item relating to section 5136A as relating to section 5136C; and

(2) by inserting after the item relating to section 5136 the following new item:

''5136A. Subsidiaries of national banks.''.

SEC. 123. AGENCY ACTIVITIES.

A national bank may control a company, or hold an interest in a company that engages in agency activities that have been determined by the Comptroller of the Currency to be permissible for national banks or to be financial in nature or incidental to such financial activities (as determined pursuant to section 4(k) of the Bank Holding Company Act of 1956) if the company engages in such activities solely as agent and not directly or indirectly as principal.

SEC. 124. PROHIBITING FRAUDULENT REPRESENTATIONS.

(a) IN GENERAL.—Chapter 47 of title 18, United States Code, is amended by inserting after section 1007 the following new section:

''SEC. 1008. MISREPRESENTATIONS REGARDING FINANCIAL INSTITUTION LIABILITY FOR OBLIGATIONS OF AFFILIATES.

''(a) PROHIBITION.—It shall be unlawful for an institution-affiliated party of an insured depository institution or institution-affiliated party of a subsidiary or affiliate of an insured depository institution to fraudulently represent that the institution is or will be liable for any obligation of a subsidiary or other affiliate of the institution.

''(b) PENALTIES.—Whoever violates subsection (a) shall be fined under this title, imprisoned not more than 1 year, or both.

''(c) INSTITUTION-AFFILIATED PARTY DEFINED.—For purposes of this section, the term 'institution-affiliated party' has the same meaning as in section 3 of the Federal Deposit Insurance Act, except that references to an insured depository institution shall be deemed to include references to a subsidiary or affiliate of an insured depository institution.

''(d) OTHER DEFINITIONS.—For purposes of this section, the terms 'affiliate', 'insured depository institution', and 'subsidiary' have same meanings as in section 3 of the Federal Deposit Insurance Act.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 47 of title 18, United States Code, is amended by inserting after the item relating to section 1007 the following new item:

''1008. Misrepresentations regarding financial institution liability for obligations of affiliates.''.

SEC. 125. INSURANCE UNDERWRITING BY NATIONAL BANKS.

(a) IN GENERAL.—

(1) IN GENERAL.—Except as provided in paragraph (2), a national bank and the subsidiaries of a national bank may only provide insurance in a State as principal in accordance with section 5136A(a) of the Revised Statutes of the United States, as added by this Act.

(2) EXCEPTION.—A national bank and the subsidiaries of a national bank may provide authorized insurance products as principal without regard to section 5136A(a) of the Revised Statutes of the United States, as added by this Act.

(b) AUTHORIZED INSURANCE PRODUCTS.—For purposes of this section, a product is an ''authorized insurance product'' if—

(1) as of January 1, 1999, the Comptroller of the Currency had determined in writing that national banks may provide such product as principal, or national banks were in fact lawfully providing such product as principal;

(2) no court of relevant jurisdiction had, by final judgment, overturned a determination of the Comptroller of the Currency that national banks may provide such product as principal; and

(3) the product is not an annuity contract, the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

(c) DEFINITION.—For purposes of this section, the term ''insurance'' means—

(1) any product regulated as insurance as of January 1, 1999, in accordance with the relevant State insurance law, in the State in which the product is provided;

(2) any product first offered after January 1, 1999, which—

(A) a State insurance regulator determines shall be regulated as insurance in the State in which the product is provided because the product insures, guarantees, or indemnifies against liability, loss of life, loss of health, or loss through damage to or destruction of property, including surety bonds, life insurance, health insurance, title insurance, and property and casualty insurance (such as private passenger or commercial automobile, homeowners, mortgage, commercial multiperil, general liability, professional liability, workers' compensation, fire and allied lines, farm owners multiperil, aircraft, fidelity, surety, medical malpractice, ocean marine, inland marine, and boiler and machinery insurance); and

(B) is not a product or service of a bank that is—

(i) a deposit product;

(ii) a loan, discount, letter of credit, or other extension of credit;

(iii) a trust or other fiduciary service;

(iv) a qualified financial contract (as defined in or determined pursuant to section 11(e)(8)(D)(i) of the Federal Deposit Insurance Act); or

(v) a financial guaranty, except that this subparagraph shall not apply to a product that includes an insurance component such that if the product is offered or proposed to be offered by the bank as principal—

(I) it would be treated as a life insurance contract under section 7702 of the Internal Revenue Code of 1986; or

(II) in the event that the product is not a letter of credit or other similar extension of credit, a qualified financial contract, or a financial guaranty, it would qualify for treatment for losses incurred with respect to such product under section 832(b)(5) of the Internal Revenue Code of 1986, if the bank were subject to tax as an insurance company under section 831 of that Code; and

(3) any annuity contract, the income on which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

Subtitle D—National Treatment of Foreign Financial Institutions

SEC. 151. NATIONAL TREATMENT OF FOREIGN FINANCIAL INSTITUTIONS.

Section 8(c) of the International Banking Act of 1978 (12 U.S.C. 3106(c)) is amended by adding at the end the following new paragraph:

''(3) TERMINATION OF GRANDFATHERED RIGHTS.—

''(A) IN GENERAL.—If any foreign bank or foreign company files a declaration under section 4() of the Bank Holding Company Act of 1956, any authority conferred by this subsection on any foreign bank or company to engage in any activity that the Board has determined to be permissible for bank holding companies under section 4(k) of that Act shall terminate immediately.

''(B) RESTRICTIONS AND REQUIREMENTS AUTHORIZED.—If a foreign bank or company that engages, directly or through an affiliate pursuant to paragraph (1), in an activity that the Board determines to be permissible for bank holding companies under section 4(k) of the Bank Holding Company Act of 1956, has not filed a declaration with the Board of its status as a bank holding company under section 4(l) of that Act by the end of the 2-year period beginning on the date of enactment of the Financial Services Modernization Act of 1999, the Board, giving due regard to the principle of national treatment and equality of competitive opportunity, may impose such restrictions and requirements on the conduct of such activities by such foreign bank or company as are comparable to those imposed on a bank holding company organized under the laws of the United States, including a requirement to conduct such activities in compliance with any prudential safeguards established under section 10A of the Bank Holding Company Act of 1956.''.

SEC. 152. REPRESENTATIVE OFFICES.

(a) DEFINITION OF ''REPRESENTATIVE OFFICE''.—Section 1(b)(15) of the International Banking Act of 1978 (12 U.S.C. 3101(15)) is amended by striking ''State agency, or subsidiary of a foreign bank'' and inserting ''or State agency''.

(b) EXAMINATIONS.—Section 10(c) of the International Banking Act of 1978 (12 U.S.C. 3107(c)) is amended by adding at the end the following: ''The Board may also make examinations of any affiliate of a foreign bank conducting business in any State, if the Board deems it necessary to determine and enforce compliance with this Act, the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), or other applicable Federal banking law.''.

TITLE II—INSURANCE CUSTOMER PROTECTIONS

SEC. 201. FUNCTIONAL REGULATION OF INSURANCE.

The insurance activity of any person or entity shall be functionally regulated by the States, subject to subsections (c), (d), and (e) of section 104.

SEC. 202. INSURANCE CUSTOMER PROTECTIONS.

The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

"SEC. 45. INSURANCE CUSTOMER PROTECTIONS.

''(a) REGULATIONS REQUIRED.—

''(1) IN GENERAL.—The Federal banking agencies shall prescribe and publish in final form, before the end of the 1-year period beginning on the date of enactment of the Financial Services Modernization Act of 1999, customer protection regulations (which the agencies jointly determine to be appropriate) that—

''(A) apply to retail sales practices, solicitations, advertising, or offers of any insurance product by any insured depository institution or any person that is engaged in such activities at an office of the institution or on behalf of the institution; and

''(B) are consistent with the requirements of this Act and provide such additional protections for customers to whom such sales, solicitations, advertising, or offers are directed.

''(2) APPLICABILITY TO SUBSIDIARIES.—The regulations prescribed pursuant to paragraph (1) shall extend such protections to any subsidiaries of an insured depository institution as deemed appropriate by the Federal banking agencies, where such extension is determined to be necessary to ensure the customer protections provided by this section.

''(3) CONSULTATION AND JOINT REGULATIONS.—The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraph (1), after consultation with the State insurance regulators, as appropriate.

''(b) SALES PRACTICES.—The regulations prescribed pursuant to subsection (a) shall include antitying and anticoercion rules applicable to the sale of insurance products that prohibit an insured depository institution from engaging in any practice that would lead a customer to believe an extension of credit, in violation of section 106(b) of the Bank Holding Company Act Amendments of 1970, is conditional upon—

''(1) the purchase of an insurance product from the institution or any of its affiliates or subsidiaries; or

''(2) an agreement by the customer not to obtain, or a prohibition on the customer from obtaining, an insurance product from an unaffiliated entity.

''(c) DISCLOSURES AND ADVERTISING.—The regulations prescribed pursuant to subsection (a) shall include the following provisions relating to disclosures and advertising in connection with the initial purchase of an insurance product:

''(1) DISCLOSURES.—

''(A) IN GENERAL.—Requirements that the following disclosures be made orally and in writing before the completion of the initial sale and, in the case of clauses (iii) and (iv), at the time of application for an extension of credit:

''(i) UNINSURED STATUS.—As appropriate, the product is not insured by the Federal Deposit Insurance Corporation, the United States Government, or the insured depository institution.

''(ii) INVESTMENT RISK.—In the case of a variable annuity or insurance product that involves an investment risk, that there is an investment risk associated with the product, including possible loss of value.

''(iii) ANTITYING; ANTICOERCION.—The approval of an extension of credit may not be conditioned on—

''(I) the purchase of an insurance product from the institution in which the application for credit is pending or any of its affiliates or subsidiaries; or

''(II) an agreement by the customer not to obtain, or a prohibition on the customer from obtaining, an insurance product from an unaffiliated entity.

''(iv) PROHIBITION ON ENHANCED TREATMENT DUE TO OTHER PURCHASES OR SERVICES.—The processing of an extension of credit or the delivery of any other financial product or service will not be expedited depending upon the purchase by the customer of any additional product or service from an affiliated person or entity of the insured depository institution.

''(B) MAKING DISCLOSURE READILY UNDERSTANDABLE.—Regulations prescribed under subparagraph (A) shall encourage the use of disclosure that is conspicuous, simple, direct, and readily understandable, such as the following:

''(i) 'NOT FDIC–INSURED'.

''(ii) 'NOT GUARANTEED BY THE BANK'.

''(iii) 'MAY GO DOWN IN VALUE'.

''(C) LIMITATION.—Nothing in this paragraph requires the inclusion of the foregoing disclosures in advertisements of a general nature describing or listing the services or products offered by an institution.

''(D) MEANINGFUL DISCLOSURES.—Disclosures shall not be considered to be meaningfully provided under this paragraph if the institution or its representative states that disclosures required by this subsection were available to the customer in printed material available for distribution, where such printed material is not provided and such information is not orally disclosed to the customer.

''(E) ADJUSTMENTS FOR ALTERNATIVE METHODS OF PURCHASE.—In prescribing the requirements under subparagraphs (A) and (F), necessary adjustments shall be made for purchase in person, by telephone, or by electronic media to provide for the most appropriate and complete form of disclosure and acknowledgments.

''(F) CUSTOMER ACKNOWLEDGMENT.—A requirement that an insured depository institution shall require any person selling an insurance product at any office of, or on behalf of, the institution to obtain, at the time at which a customer receives the disclosures required under this paragraph or at the time of the initial purchase by the customer of such product, an acknowledgment by such customer of the receipt of the disclosure required under this paragraph with respect to such product.

''(2) PROHIBITION ON MISREPRESENTATIONS.—A prohibition on any practice, or any advertising, at any office of, or on behalf of, the insured depository institution, or any subsidiary, as appropriate, that could mislead any person or otherwise cause a reasonable person to reach an erroneous belief with respect to—

''(A) the uninsured nature of any insurance product sold, or offered for sale, by the institution or any subsidiary of the institution; or

''(B) in the case of a variable annuity or insurance product that involves an investment risk, the investment risk associated with any such product.

''(d) SEPARATION OF BANKING AND NONBANKING ACTIVITIES.—

''(1) REGULATIONS REQUIRED.—The regulations prescribed pursuant to subsection (a) shall include such provisions as the Federal banking agencies consider appropriate to ensure that the routine acceptance of deposits is kept, to the extent practicable, physically segregated from insurance product activity.

''(2) REQUIREMENTS.—Regulations prescribed pursuant to paragraph (1) shall include the following requirements:

''(A) SEPARATE SETTING.—A clear delineation of the setting in which, and the circumstances under which, transactions involving insurance products should be conducted in a location physically segregated from an area where retail deposits are routinely accepted.

''(B) REFERRALS.—Standards that permit any person accepting deposits from the public in an area where such transactions are routinely conducted in an insured depository institution to refer a customer who seeks to purchase any insurance product to a qualified person who sells such product, only if the person making the referral receives no more than a one-time nominal fee of a fixed dollar amount for each referral that does not depend on whether the referral results in a transaction.

''(C) QUALIFICATION AND LICENSING REQUIREMENTS.—Standards prohibiting any insured depository institution from permitting any person to sell or offer for sale any insurance product in any part of any office of the institution, or on behalf of the institution, unless such person is appropriately qualified and licensed.

''(e) EFFECT ON OTHER AUTHORITY.—

''(1) IN GENERAL.—No provision of this section shall be construed as granting, limiting, or otherwise affecting—

''(A) any authority of the Securities and Exchange Commission, any self-regulatory organization, the Municipal Securities Rulemaking Board, or the Secretary of the Treasury under any Federal securities law; or

''(B) except as provided in paragraph (2), any authority of any State insurance commission (or any agency or office performing like functions), or of any State securities commission (or any agency or office performing like functions), or other State authority under any State law.

''(2) COORDINATION WITH STATE LAW.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), insurance customer protection regulations prescribed by a Federal banking agency under this section shall not apply to retail sales, solicitations, advertising, or offers of any insurance product by any insured depository institution or to any person who is engaged in such activities at an office of such institution or on behalf of the institution, in a State where the State has in effect statutes, regulations, orders, or interpretations, that are inconsistent with or contrary to the regulations prescribed by the Federal banking agencies.

''(B) PREEMPTION.—

''(i) IN GENERAL.—If, with respect to any provision of the regulations prescribed under this section, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Board of Directors of the Corporation determine jointly that the protection afforded by such provision for customers is greater than the protection provided by a comparable provision of the statutes, regulations, orders, or interpretations referred to in subparagraph (A) of any State, the appropriate State regulatory authority shall be notified of such determination in writing.

''(ii) CONSIDERATIONS.—Before making a final determination under clause (i), the Federal agencies referred to in clause (i) shall give appropriate consideration to comments submitted by the appropriate State regulatory authorities relating to the level of protection afforded to consumers under State law.

''(iii) FEDERAL PREEMPTION AND ABILITY OF STATES TO OVERRIDE FEDERAL PREEMPTION.—If the Federal agencies referred to in clause (i) jointly determine that any provision of the regulations prescribed under this section affords greater protections than a comparable State law, rule, regulation, order, or interpretation, those agencies shall send a written preemption notice to the appropriate State regulatory authority to notify the State that the Federal provision will preempt the State provision and will become applicable unless, not later than 3 years after the date of such notice, the State adopts legislation to override such preemption.

''(f) NON-DISCRIMINATION AGAINST NON-AFFILIATED AGENTS.—The Federal banking agencies shall ensure that the regulations prescribed pursuant to subsection (a) shall not have the practical effect of discriminating, either intentionally or unintentionally, against any person engaged in insurance sales or solicitations that is not affiliated with an insured depository institution.''.

SEC. 203. FEDERAL AND STATE DISPUTE RESOLUTION.

(a) FILING IN COURT OF APPEALS.—In the case of a regulatory conflict between a State insurance regulator and a Federal regulator regarding insurance issues, including whether a State law, rule, regulation, order, or interpretation regarding any insurance sales or solicitation activity is properly treated as preempted under Federal law, either regulator may seek expedited judicial review of such determination by the United States Court of Appeals for the circuit in which the State is located or in the United States Court of Appeals for the District of Columbia Circuit by filing a petition for review in such court.

(b) EXPEDITED REVIEW.—The United States Court of Appeals in which a petition for review if filed in accordance with subsection (a) shall complete all action on such petition, including rendering a judgment, before the end of the 60-day period beginning on the date on which such petition is filed, unless all parties to such proceedings agree to any extension of such period.

(c) SUPREME COURT REVIEW.—Any request for certiorari to the Supreme Court of the United States of any judgment of a United States Court of Appeals with respect to a petition for review under this section shall be filed with the Supreme Court of the United States as soon as practicable after such judgment is issued.

(d) STATUTE OF LIMITATION.—No action may be filed under this section challenging an order, ruling, determination, or other action of a Federal regulator or State insurance regulator after the later of—

(1) the end of the 12-month period beginning on the date on which the first public notice is made of such order, ruling, determination or other action in its final form; or

(2) the end of the 6-month period beginning on the date on which such order, ruling, determination, or other action takes effect.

(e) STANDARD OF REVIEW.—The court shall decide an action filed under subsection (a) based on its review on the merits of all questions presented under State and Federal law, including the nature of the product or activity and the history and purpose of its regulation under State and Federal law, according equal deference to the Federal regulator and the State insurance regulator.

TITLE III—REGULATORY IMPROVEMENTS

SEC. 301. ELIMINATION OF SAIF AND DIF SPECIAL RESERVES.

(a) SAIF SPECIAL RESERVE.—Section 11(a)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6)) is amended by striking subparagraph (L).

(b) DIF SPECIAL RESERVE.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is amended—

(1) by striking subsection (b); and

(2) in subsection (d)—

(A) by striking paragraph (4);

(B) in paragraph (6)(C)(i), by striking ''(6) and (7)'' and inserting ''(5), (6), and (7)''; and

(C) in paragraph (6)(C), by striking clause (ii) and inserting the following:

''(ii) by redesignating paragraph (8) as paragraph (5).''.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective on the date of enactment of this Act.

SEC. 302. EXPANDED SMALL BANK ACCESS TO S CORPORATION TREATMENT.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of—

(1) possible revisions to the rules governing S corporations, including—

(A) increasing the permissible number of shareholders in such corporations;

(B) permitting shares of such corporations to be held in individual retirement accounts;

(C) clarifying that interest on investments held for safety, soundness, and liquidity purposes should not be considered to be passive income;

(D) discontinuation of the treatment of stock held by bank directors as a disqualifying personal class of stock for such corporations; and

(E) improving Federal tax treatment of bad debt and interest deductions; and

(2) what impact such revisions might have on community banks.

(b) REPORT TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress on the results of the study conducted under subsection (a).

(c) DEFINITION.—For purposes of this section, the term ''S corporation'' has the same meaning as in section 1361(a)(1) of the Internal Revenue Code of 1986.

SEC. 303. MEANINGFUL CRA EXAMINATIONS.

(a) COMPLIANCE.—Notwithstanding any other provision of law, an insured depository institution rated as ''satisfactory'' or better in its most recent examination under the Community Reinvestment Act of 1977, and in each such examination during the immediately preceding 36-month period shall be deemed to be in compliance with the requirements of that Act until the completion of a subsequent regularly scheduled examination under that Act, unless substantial verifiable information arising since the time of its most recent examination under that Act demonstrating noncompliance is filed with the appropriate Federal banking agency.

(b) OBJECTIONS.—

(1) AGENCY DETERMINATION.—The appropriate Federal banking agency shall determine, on a timely basis, whether the information filed by any person under subsection (a) provides sufficient proof that the subject insured depository institution is no longer in compliance with the requirements of the Community Reinvestment Act of 1977, as provided in subsection (a).

(2) BURDEN OF PROOF.—A person filing information under subsection (a) shall bear the burden of proving to the satisfaction of the appropriate Federal banking agency, the substantial verifiable nature of that information.

(c) DEFINITIONS.—In this section, the terms ''insured depository institution'' and ''appropriate Federal banking agency'' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

SEC. 304. FINANCIAL INFORMATION PRIVACY PROTECTION.

(a) FINANCIAL INFORMATION ANTI-FRAUD.—The Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) is amended by adding at the end the following:

''TITLE X—FINANCIAL INFORMATION PRIVACY PROTECTION

''SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.

''(a) SHORT TITLE.—This title may be cited as the 'Financial Information Anti-Fraud Act of 1999'.

''(b) TABLE OF CONTENTS.—The table of contents for this title is as follows:

''TITLE X—FINANCIAL INFORMATION PRIVACY PROTECTION

''Sec. 1001. Short title; table of contents.
''Sec. 1002. Definitions.
''Sec. 1003. Privacy protection for customer information of financial institutions.
''Sec. 1004. Administrative enforcement.
''Sec. 1005. Civil liability.
''Sec. 1006. Criminal penalty.
''Sec. 1007. Relation to State laws.
''Sec. 1008. Agency guidance.

''SEC. 1002. DEFINITIONS.

''For purposes of this title, the following definitions shall apply:

''(1) CUSTOMER.—The term 'customer' means, with respect to a financial institution, any person (or authorized representative of a person) to whom the financial institution provides a product or service, including that of acting as a fiduciary.

''(2) CUSTOMER INFORMATION OF A FINANCIAL INSTITUTION.—The term 'customer information of a financial institution' means any information maintained by a financial institution which is derived from the relationship between the financial institution and a customer of the financial institution and is identified with the customer.

''(3) DOCUMENT.—The term 'document' means any information in any form.

''(4) FINANCIAL INSTITUTION.—

''(A) IN GENERAL.—The term 'financial institution' means any institution engaged in the business of providing financial services to customers who maintain a credit, deposit, trust, or other financial account or relationship with the institution.

''(B) CERTAIN FINANCIAL INSTITUTIONS SPECIFICALLY INCLUDED.—The term 'financial institution' includes any depository institution (as defined in section 19(b)(1)(A) of the Federal Reserve Act), any loan or finance company, any credit card issuer or operator of a credit card system, and any consumer reporting agency that compiles and maintains files on consumers on a nationwide basis (as defined in section 603(p)).

''(C) FURTHER DEFINITION BY REGULATION.—The Board of Governors of the Federal Reserve System may prescribe regulations further defining the term 'financial institution', in accordance with subparagraph (A), for purposes of this title.

"SEC. 1003. PRIVACY PROTECTION FOR CUSTOMER INFORMATION OF FINANCIAL INSTITUTIONS.

"(a) PROHIBITION ON OBTAINING CUSTOMER INFORMATION BY FALSE PRETENSES.—It shall be a violation of this title for any person to obtain or attempt to obtain, or cause to be disclosed or attempt to cause to be disclosed to any person, customer information of a financial institution relating to another person—

"(1) by knowingly making a false, fictitious, or fraudulent statement or representation to an officer, employee, or agent of a financial institution with the intent to deceive the officer, employee, or agent into relying on that statement or representation for purposes of releasing the customer information;

"(2) by knowingly making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution with the intent to deceive the customer into relying on that statement or representation for purposes of releasing the customer information or authorizing the release of such information; or

"(3) by knowingly providing any document to an officer, employee, or agent of a financial institution, knowing that the document is forged, counterfeit, lost, or stolen, was fraudulently obtained, or contains a false, fictitious, or fraudulent statement or representation, if the document is provided with the intent to deceive the officer, employee, or agent into relying on that document for purposes of releasing the customer information.

"(b) PROHIBITION ON SOLICITATION OF A PERSON TO OBTAIN CUSTOMER INFORMATION FROM FINANCIAL INSTITUTION UNDER FALSE PRETENSES.—It shall be a violation of this title to request a person to obtain customer information of a financial institution, knowing or consciously avoiding knowing that the person will obtain, or attempt to obtain, the information from the institution in any manner described in subsection (a).

"(c) NONAPPLICABILITY TO LAW ENFORCEMENT AGENCIES.—No provision of this section shall be construed so as to prevent any action by a law enforcement agency, or any officer, employee, or agent of such agency, to obtain customer information of a financial institution in connection with the performance of the official duties of the agency.

"(d) NONAPPLICABILITY TO FINANCIAL INSTITUTIONS IN CERTAIN CASES.—No provision of this section shall be construed to prevent any financial institution, or any officer, employee, or agent of a financial institution, from obtaining customer information of such financial institution in the course of—

"(1) testing the security procedures or systems of such institution for maintaining the confidentiality of customer information;

"(2) investigating allegations of misconduct or negligence on the part of any officer, employee, or agent of the financial institution; or

"(3) recovering customer information of the financial institution which was obtained or received by another person in any manner described in subsection (a) or (b).

"(e) NONAPPLICABILITY TO CERTAIN TYPES OF CUSTOMER INFORMATION OF FINANCIAL INSTITUTIONS.—No provision of this section shall be construed to prevent any person from obtaining customer information of a financial institution that otherwise is available as a public record filed pursuant to the securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934).

"SEC. 1004. ADMINISTRATIVE ENFORCEMENT.

"(a) ENFORCEMENT BY FEDERAL TRADE COMMISSION.—Except as provided in subsection (b), compliance with this title shall be enforced by the Federal Trade Commission in the same manner and with the same power and authority as the Commission has under the Fair Debt Collection Practices Act to enforce compliance with that title.

"(b) ENFORCEMENT BY OTHER AGENCIES IN CERTAIN CASES.—

"(1) IN GENERAL.—Compliance with this title shall be enforced under—

"(A) section 8 of the Federal Deposit Insurance Act, in the case of—

"(i) national banks, and Federal branches and Federal agencies of foreign banks, by the Office of the Comptroller of the Currency;

"(ii) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act, by the Board;

"(iii) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System and national nonmember banks) and insured State branches of foreign banks, by the Board of Directors of the Federal Deposit Insurance Corporation; and

"(iv) savings associations the deposits of which are insured by the Federal Deposit Insurance Corporation, by the Director of the Office of Thrift Supervision; and

"(B) the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal credit union.

"(2) VIOLATIONS OF THIS TITLE TREATED AS VIOLATIONS OF OTHER LAWS.—For the purpose of the exercise by any agency referred to in paragraph (1) of its powers under any Act referred to in that paragraph, a violation of this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in paragraph (1), each of the agencies referred to in that paragraph may exercise, for the purpose of enforcing compliance with this title, any other authority conferred on such agency by law.

"(c) STATE ACTION FOR VIOLATIONS.—

"(1) AUTHORITY OF STATES.—In addition to such other remedies as are provided under State law, if the chief law enforcement officer of a State, or an official or agency designated by a State, has reason to believe that any person has violated or is violating this title, the State—

"(A) may bring an action to enjoin such violation in any appropriate United States district court or in any other court of competent jurisdiction;

"(B) may bring an action on behalf of the residents of the State to recover damages of not more than $1,000 for each violation; and

"(C) in the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

"(2) RIGHTS OF FEDERAL REGULATORS.—

"(A) PRIOR NOTICE.—The State shall serve prior written notice of any action under paragraph (1) upon the Federal Trade Commission and, in the case of an action which involves a financial institution described in section 1004(b)(1), the agency referred to in such section with respect to such institution and provide the Federal Trade Commission and any such agency with a copy of its complaint, except in any case in which such prior notice is not feasible, in which case the State shall serve such notice immediately upon instituting such action.

"(B) RIGHT TO INTERVENE.—The Federal Trade Commission or an agency described in subsection (b) shall have the right—

"(i) to intervene in an action under paragraph (1);

"(ii) upon so intervening, to be heard on all matters arising therein;

"(iii) to remove the action to the appropriate United States district court; and

"(iv) to file petitions for appeal.

"(3) INVESTIGATORY POWERS.—For purposes of bringing any action under this subsection, no provision of this subsection shall be construed as preventing the chief law enforcement officer, or an official or agency designated by a State, from exercising the powers conferred on the chief law enforcement officer or such official by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

"(4) LIMITATION ON STATE ACTION WHILE FEDERAL ACTION PENDING.—If the Federal Trade Commission or any agency described in subsection (b) has instituted a civil action for a violation of this title, no State may, during the pendency of such action, bring an action under this section against any defendant named in the complaint of the Federal Trade Commission or such agency for any violation of this title that is alleged in that complaint.

"SEC. 1005. CIVIL LIABILITY.

"Any person, other than a financial institution, who fails to comply with any provision of this title with respect to any financial institution or any customer information of a financial institution shall be liable to such financial institution or the customer to whom such information relates in an amount equal to the sum of the amounts determined under each of the following paragraphs:

"(1) ACTUAL DAMAGES.—The greater of—

"(A) the amount of any actual damage sustained by the financial institution or customer as a result of such failure; or

"(B) any amount received by the person who failed to comply with this title, including an amount equal to the value of any nonmonetary consideration, as a result of the action which constitutes such failure.

"(2) ADDITIONAL DAMAGES.—Such additional amount as the court may allow.

"(3) ATTORNEYS' FEES.—In the case of any successful action to enforce any liability under paragraph (1) or (2), the costs of the action, together with reasonable attorneys' fees.

"SEC. 1006. CRIMINAL PENALTY.

"(a) IN GENERAL.—Whoever violates, or attempts to violate, section 1003 shall be fined in accordance with title 18, United States Code, or imprisoned for not more than 5 years, or both.

"(b) ENHANCED PENALTY FOR AGGRAVATED CASES.—Whoever violates, or attempts to violate, section 1003 while violating another law of the United States or as part of a pattern of any illegal activity involving more than $100,000 in a 12-month period shall be fined twice the amount provided in subsection (b)(3) or (c)(3) (as the case may be) of section 3571 of title 18, United States Code, imprisoned for not more than 10 years, or both.

"SEC. 1007. RELATION TO STATE LAWS.

"(a) IN GENERAL.—This title shall not be construed as superseding, altering, or affecting the statutes, regulations, orders, or interpretations in effect in any State, except

to the extent that such statutes, regulations, orders, or interpretations are inconsistent with the provisions of this title, and then only to the extent of the inconsistency.

''(b) GREATER PROTECTION UNDER STATE LAW.—For purposes of this section, a State statute, regulation, order, or interpretation is not inconsistent with the provisions of this title if the protection such statute, regulation, order, or interpretation affords any person is greater than the protection provided under this title.

''SEC. 1008. AGENCY GUIDANCE.

''In furtherance of the objectives of this title, each Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act) shall issue advisories to depository institutions under the jurisdiction of the agency, in order to assist such depository institutions in deterring and detecting activities proscribed under section 1003.''.

(b) REPORT TO CONGRESS ON FINANCIAL PRIVACY.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States, in consultation with the Federal Trade Commission, the Federal banking agencies, and other appropriate Federal law enforcement agencies, shall submit to the Congress a report on—

(1) the efficacy and adequacy of the remedies provided in the amendments made by subsection (a) in addressing attempts to obtain financial information by fraudulent means or by false pretenses; and

(2) any recommendations for additional legislative or regulatory action to address threats to the privacy of financial information created by attempts to obtain information by fraudulent means or false pretenses.

(c) REPORTS ON ONGOING FTC STUDY OF CONSUMER PRIVACY ISSUES.—With respect to the ongoing multistage study being conducted by the Federal Trade Commission on consumer privacy issues, the Commission shall submit to the Congress an interim report on the findings and conclusions of the Commission, together with such recommendations for legislative and administrative action as the Commission determines to be appropriate, at the conclusion of each stage of such study and a final report at the conclusion of the study.

(d) CONSUMER GRIEVANCE PROCESS.—The Federal banking agencies (as that term is defined in section 3 of the Federal Deposit Insurance Act) shall jointly establish a consumer complaint mechanism, for receiving and expeditiously addressing consumer complaints alleging a violation of regulations issued under section 45 of the Federal Deposit Insurance Act (as added by section 202 of this Act), which mechanism shall—

(1) establish a group within each Federal banking agency to receive such complaints; and

(2) develop procedures for—

(A) investigating such complaints;

(B) informing consumers of rights they may have in connection with such complaints; and

(C) addressing concerns raised by such complaints, as appropriate, including procedures for the recovery of losses, to the extent appropriate.

SEC. 305. CROSS MARKETING RESTRICTION; LIMITED PURPOSE BANK RELIEF; DIVESTITURE.

(a) CROSS MARKETING RESTRICTION.—Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended by striking paragraph (3).

(b) DAYLIGHT OVERDRAFTS.—Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended by inserting after paragraph (2) the following new paragraph:

''(3) PERMISSIBLE OVERDRAFTS DESCRIBED.—For purposes of paragraph (2)(C), an overdraft is described in this paragraph if—

''(A) such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the bank and the affiliate;

''(B) such overdraft—

''(i) is permitted or incurred on behalf of an affiliate that is monitored by, reports to, and is recognized as a primary dealer by the Federal Reserve Bank of New York; and

''(ii) is fully secured, as required by the Board, by bonds, notes, or other obligations that are direct obligations of the United States or on which the principal and interest are fully guaranteed by the United States or by securities and obligations eligible for settlement on the Federal Reserve book entry system; or

''(C) such overdraft—

''(i) is permitted or incurred by, or on behalf of, an affiliate that is engaged in activities that are so closely related to banking, or managing or controlling banks, as to be a proper incident thereto; and

''(ii) does not cause the bank to violate any provision of section 23A or 23B of the Federal Reserve Act, either directly, in the case of a bank that is a member of the Federal Reserve System, or by virtue of section 18(j) of the Federal Deposit Insurance Act, in the case of a bank that is not a member of the Federal Reserve System.''.

(c) INDUSTRIAL LOAN COMPANIES; AFFILIATE OVERDRAFTS.—Section 2(c)(2)(H) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)(H)) is amended by inserting before the period at the end '', or that is otherwise permissible for a bank controlled by a company described in section 4(f)(1)''.

(d) ACTIVITIES LIMITATIONS.—Section 4(f)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(2)) is amended—

(1) by striking ''Paragraph (1) shall cease to apply to any company described in such paragraph if—'' and inserting ''Subject to paragraph (3), a company described in paragraph (1) shall no longer qualify for the exemption provided under that paragraph if—'';

(2) in subparagraph (A)—

(A) in clause (ii)(IX), by striking ''and'' at the end;

(B) in clause (ii)(X), by inserting ''and'' after the semicolon;

(C) in clause (ii), by inserting after subclause (X) the following:

''(XI) assets that are derived from, or incidental to, activities in which institutions described in section 2(c)(2)(F) or section 2(c)(2)(H) are permitted to engage;''; and

(D) by striking ''or'' at the end; and

(3) by striking subparagraph (B) and inserting the following:

''(B) any bank subsidiary of such company—

''(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties; and

''(ii) engages in the business of making commercial loans (except that, for purposes of this clause, loans made in the ordinary course of a credit card operation shall not be treated as commercial loans); or

''(C) after the date of enactment of the Competitive Equality Amendments of 1987, any bank subsidiary of such company permits any overdraft (including any intraday overdraft), or incurs any such overdraft in the account of the bank at a Federal reserve bank, on behalf of an affiliate, other than an overdraft described in paragraph (3).''.

(e) DIVESTITURE REQUIREMENT.—Section 4(f)(4) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(4)) is amended to read as follows:

''(4) DIVESTITURE IN CASE OF LOSS OF EXEMPTION.—If any company described in paragraph (1) fails to qualify for the exemption provided under paragraph (1) by operation of paragraph (2), such exemption shall cease to apply to such company and such company shall divest control of each bank it controls before the end of the 180-day period beginning on the date on which the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless, before the end of such 180-day period, the company has—

''(A) either—

''(i) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; or

''(ii) submitted a plan to the Board for approval to cease the activity or correct the condition in a timely manner (which shall not exceed 1 year); and

''(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.''.

SEC. 306. "PLAIN LANGUAGE" REQUIREMENT FOR FEDERAL BANKING AGENCY RULES.

(a) IN GENERAL.—Each Federal banking agency shall use plain language in all proposed and final rulemakings published by the agency in the Federal Register after January 1, 2000.

(b) REPORT.—Not later than March 1, 2001, each Federal banking agency shall submit to the Congress a report that describes how the agency has complied with subsection (a).

(c) DEFINITIONS.—For purposes of this section, the terms ''Federal banking agency'' and ''State bank supervisor'' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

SEC. 307. RETENTION OF "FEDERAL" IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.

Section 2 of the Act entitled ''An Act to enable national banking associations to increase their capital stock and to change their names or locations'', approved May 1, 1886 (12 U.S.C. 30), is amended by adding at the end the following new subsection:

''(d) RETENTION OF 'FEDERAL' IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.—

''(1) IN GENERAL.—Notwithstanding subsection (a) or any other provision of law, any depository institution, the charter of which is converted from that of a Federal savings association to a national bank or a State bank after the date of enactment of the Financial Services Modernization Act of 1999 may retain the term 'Federal' in the name of such institution if such institution remains an insured depository institution.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'depository institution', 'insured depository institution', 'national bank', and 'State bank' have the same meanings as in section 3 of the Federal Deposit Insurance Act.''.

SEC. 308. COMMUNITY REINVESTMENT ACT EXEMPTION.

(a) IN GENERAL.—No community financial institution shall be subject to the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.).

(b) DEFINITION OF COMMUNITY FINANCIAL INSTITUTION.—As used in this section, the term ''community financial institution'' means an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act), that has aggregate assets of not more than $100,000,000, and that is located in a non-metropolitan area.

(c) ADJUSTMENTS.—The dollar amount referred to in subsection (b) shall be adjusted annually after December 31, 1999, by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics.

(d) DEFINITION.—For purposes of this section, the term ''non-metropolitan area'' means any area, no part of which is within an area designated as a metropolitan statistical area by the Office of Management and Budget.

SEC. 309. BANK OFFICERS AND DIRECTORS AS OFFICERS AND DIRECTORS OF PUBLIC UTILITIES.

Section 305(b) of the Federal Power Act (16 U.S.C. 825d(b)) is amended—

(1) by striking ''(b) After six'' and inserting the following:

''(b) INTERLOCKING DIRECTORATES.—

''(1) IN GENERAL.—After 6''; and

(2) by adding at the end the following:

''(2) APPLICABILITY.—

''(A) IN GENERAL.—In the circumstances described in subparagraph (B), paragraph (1) shall not apply to a person that holds or proposes to hold the positions of—

''(i) officer or director of a public utility; and

''(ii) officer or director of a bank, trust company, banking association, or firm authorized by law to underwrite or participate in the marketing of securities of a public utility.

''(B) CIRCUMSTANCES.—The circumstances described in this subparagraph are that—

''(i) a person described in subparagraph (A) does not participate in any deliberations or decisions of the public utility regarding the selection of a bank, trust company, banking association, or firm to underwrite or participate in the marketing of securities of the public utility, if the person serves as an officer or director of a bank, trust company, banking association, or firm that is under consideration in the deliberation process;

''(ii) the bank, trust company, banking association, or firm of which the person is an officer or director does not engage in the underwriting of, or participate in the marketing of, securities of the public utility of which the person holds the position of officer or director;

''(iii) the public utility for which the person serves or proposes to serve as an officer or director selects underwriters by competitive procedures; or

''(iv) the issuance of securities the public utility for which the person serves or proposes to serve as an officer or director has been approved by all Federal and State regulatory agencies having jurisdiction over the issuance.''.

SEC. 310. CONTROL OF BANKERS' BANKS.

Section 2(a)(5)(E)(i) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(a)(5)(E)(i)) is amended by inserting ''one or more'' before ''thrift institutions''.

SEC. 311. MULTISTATE LICENSING AND INTERSTATE INSURANCE SALES ACTIVITIES.

(a) FINDINGS.—Congress finds that—

(1) the States regulate the business of insurance, including the licensing of insurance agents and brokers;

(2) the current State insurance licensing system requires insurance agents and brokers to obtain licenses on a line-by-line, class-by-class, producer-by-producer, State-by-State basis;

(3) in the commercial and industrial insurance arena, this State-based system usually requires a single agent or broker to hold scores of licenses if that agent or broker intends to sell or broker insurance on a nationwide basis;

(4) because of the duplicative licensing requirements both within States and from State to State, a single insurance agent or broker must satisfy literally hundreds of administrative filing requirements to become fully licensed to engage in the sale of a full range of insurance products on a nationwide basis;

(5) these administrative requirements appear to be essentially unrelated to any requisite standards of professionalism;

(6) many States impose certain requirements on insurance agents and brokers that pose an undue, discriminatory burden on nonresident agents, including some States that ban solicitation of insurance clients by nonresident agents and brokers;

(7) many States impose anticompetitive post-licensure requirements on nonresident agents and brokers, including countersignature laws that require an agent or broker servicing the needs of an out-of-State client to have any insurance policy that is sold ''countersigned'' by a resident agent;

(8) in some cases, such countersignature laws also require a nonresident agent or broker to pay at least half of any commission earned in a State in which the agent or broker is not a resident to a resident agent or broker; and

(9) such duplicative and onerous filing requirements and anticompetitive burdens inhibit interstate commerce, constitute unjustifiable trade barriers, greatly undermine the competition that this Act seeks to foster.

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

(1) by the end of the 36-month period beginning on the date of enactment of this Act, the States should—

(A) implement uniform insurance agent and broker licensing application and qualification requirements that result in a fully reciprocal licensing system; and

(B) eliminate any pre- or post-licensure requirements that have the practical effect of discriminating, directly or indirectly, against nonresident insurance agents or brokers;

(2) if such actions are not taken, Congress should take steps to directly rectify the problems identified in subsection (a); and

(3) any entity established by the Congress to so rectify the problems should be under the supervision and oversight of the National Association of Insurance Commissioners.

SEC. 312. CRA SUNSHINE REQUIREMENTS.

(a) DISCLOSURE AND REPORTING.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), is amended by adding at the end thereof the following new section:

''SEC. 46. CRA SUNSHINE REQUIREMENTS.

''(a) PUBLIC DISCLOSURE OF AGREEMENTS.—Any agreement entered into by an insured depository institution or affiliate with a nongovernmental entity or person made pursuant to or in connection with the Community Reinvestment Act involving funds or other resources of such insured depository institution or affiliate shall be in its entirety fully disclosed, and the full text thereof made available to the appropriate Federal banking agency with supervisory responsibility over the insured depository institution and to the public and shall obligate each party to comply with the provisions of this section.

''(b) ANNUAL REPORT OF ACTIVITY.—Each party to the agreement shall report, as applicable, to the appropriate Federal banking agency with supervisory responsibility over the insured depository institution, no less frequently than once each year, such information as the Federal banking agency may by rule require relating to the following actions taken by the party pursuant to an agreement described in subsection (a) during the previous 12-month period—

''(1) payments, fees or loans made to any party to the agreement or received from any party to the agreement and the terms and conditions of the same; and

''(2) aggregate data on loans, investments and services provided by each party in its community or communities pursuant to the agreement; and

''(3) such other pertinent matters as determined by rule by the appropriate Federal banking agency with supervisory responsibility over the insured depository institution.

The Federal banking agency shall ensure that the regulations implementing this section do not impose an undue burden on the parties and that proprietary and confidential information is protected.

''(c) EXISTING AGREEMENTS.—The requirements of subsection (b) (1), (2), and (3) shall be deemed to be fulfilled with respect to any agreement made prior to May 5, 1999.

''(d) SECONDARY AGREEMENTS.—Any agreement made on or after May 5, 1999 pursuant to an agreement described in subsection (a) also is subject to the requirements of subsections (a) and (b).

''(e) DEFINITIONS.—

''(1) AGREEMENT.—As used in this section, the term 'agreement' refers to any written contract, written arrangement, or other written understanding with a value in excess of $10,000 annually, or a group of substantively related contracts with an aggregate value of $10,000 annually, made pursuant to or in connection with the Community Reinvestment Act of 1977, at least one party to which is an insured depository institution or affiliate thereof, or entity owned or controlled by an insured depository institution or affiliate, whether organized on a profit or not-for-profit basis. The term 'agreement' shall not include any specific contract or commitment for a loan or extension of credit to individuals, businesses, farms, or other entities, where the purpose of the loan or extension of credit does not include any relending of the borrowed funds to other parties.

''(2) APPROPRIATE FEDERAL BANKING AGENCY AND INSURED DEPOSITORY INSTITUTION.—As used in this section, the terms 'appropriate Federal banking agency' and 'insured depository institution' have the same meanings as defined in section 3 of this Act.

''(d) VIOLATIONS.—Any violation of the provisions of this section shall be considered a violation of this Act. If the party to the agreement that is not an insured depository institution or affiliate fails to comply with this section, the agreement shall not be enforceable after being given notice and a reasonable period of time to perform or comply.

''(e) LIMITATION.—Nothing in this section is intended to provide any authority upon any appropriate Federal banking agency to enforce the provisions of the agreements that are subject to the requirements of subsection (a).

''(f) REGULATIONS.—Each appropriate Federal banking agency shall prescribe regulations requiring procedures reasonably designed to assure and monitor compliance with the requirements of this section.''.

SEC. 313. INTERSTATE BRANCHES AND AGENCIES OF FOREIGN BANKS.

Section 5 of the International Banking Act of 1978, as amended (12 U.S.C. 3103), is amended by striking subsection (a)(7) and substituting the following:

"(7) Additional authority for interstate branches and agencies of foreign banks; upgrades of certain foreign bank agencies and branches

''Notwithstanding paragraphs (1) and (2), a foreign bank may—

''(A) with the approval of the Board and the Comptroller of the Currency, establish and operate a Federal branch or Federal agency or, with the approval of the Board and the appropriate State bank supervisor, a State branch or State agency in any State outside the foreign bank's home State if—

''(i) the establishment and operation of such branch or agency is permitted by the State in which the branch or agency is to be established; and

''(ii) in the case of a Federal or State branch, the branch receives only such deposits as would be permitted for a corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.); or

''(B) with the approval of the Board and the relevant licensing authority (the Comptroller in the case of a Federal branch or the appropriate State supervisor in the case of a State branch), upgrade an agency, or a branch of the type referred to in subsection (a)(7)(A)(ii), located in a State outside the foreign bank's home State, into a Federal or State branch if the establishment and operation of such branch is permitted by such State and—

''(i) such agency or branch was in operation in such State on the day before September 29, 1994, or

''(ii) such agency or branch has been in operation in such State for a period of time that meets the State's minimum age requirement permitted under section 1831u(a)(5) of title 12, United States Code.''.

SEC. 314. DISCLOSURES TO CONSUMERS UNDER THE TRUTH IN LENDING ACT.

(a) DISCLOSURE OF LATE PAYMENT DEADLINES AND PENALTIES.—Section 127(b) of the Truth in Lending Act (15 U.S.C. 1637(b)) is amended by adding at the end the following:

''(12) If a charge is to be imposed due to the failure of the obligor to make payment on or before a required payment due date, the date that payment is due or, if different, the date on which a late payment fee will be charged, shall be stated prominently in a conspicuous location on the billing statement, together with the amount of the charge to be imposed if payment is made after such date.''.

(b) DISCLOSURES RELATED TO ''TEASER RATES''.—Section 127(c) (15 U.S.C. 1637(c)) is amended by inserting after paragraph (5) (as so redesignated by section 4 of this Act) the following:

''(6) ADDITIONAL NOTICE CONCERNING 'TEASER RATES'.—

''(A) IN GENERAL.—An application or solicitation for a credit card for which a disclosure is required under this subsection shall contain the disclosure contained in subparagraph (B) or (C), as appropriate, if the application or solicitation offers, for an introductory period of less than 1 year, an annual percentage rate of interest that—

''(i) is less than the annual percentage rate of interest that will apply after the end of the introductory period; or

''(ii) in the case of an annual percentage rate that varies in accordance with an index, is less than the current annual percentage rate under the index that will apply after the end of such period.

''(B) FIXED ANNUAL PERCENTAGE RATE.—If the annual percentage rate that will apply after the end of the introductory period will be a fixed rate, the application or solicitation shall include the following disclosure: 'The annual percentage rate of interest applicable during the introductory period is not the annual percentage rate that will apply after the end of the introductory period. The permanent annual percentage rate will apply after [insert applicable date] and will be [insert applicable percentage rate].'.

''(C) VARIABLE ANNUAL PERCENTAGE RATE.—If the annual percentage rate that will apply after the end of the introductory period will vary in accordance with an index, the application or solicitation shall include the following disclosure: 'The annual percentage rate of interest applicable during the introductory period is not the annual percentage rate that will apply after the end of the introductory period. The permanent annual percentage rate will be determined by an index, and will apply after [insert applicable date]. If the index that will apply after such date were applied to your account today, the annual percentage rate would be [insert applicable percentage rate].'.

''(D) CONDITIONS FOR INTRODUCTORY RATES.—If the annual percentage rate of interest that will apply during the introductory period described in subparagraph (A) is revocable or otherwise conditioned upon any action by the obligor, including any failure by the obligor to pay the minimum payment amount or finance charge or to make any payment by the stated monthly payment due date, the application or solicitation shall include disclosure of—

''(i) the conditions that the obligor must meet to retain the annual percentage rate of interest during the introductory period; and

''(ii) the annual percentage rate of interest that will apply as a result of the failure of the obligor to meet such conditions.

''(E) FORM OF DISCLOSURE.—The disclosures required under this paragraph shall be made in a clear and conspicuous manner, in a prominent fashion.''.

SEC. 315. APPROVAL FOR PURCHASES OF SECURITIES.

Section 23B(b)(2) of the Federal Reserve Act (12 U.S.C. 371c–1) is amended to read as follows:

''Subparagraph (B) of paragraph (1) shall not apply if the purchase or acquisition of such securities has been approved, before such securities are initially offered for sale to the public, by a majority of the directors of the bank based on a determination that the purchase is a sound investment for the bank irrespective of the fact that an affiliate of the bank is a principal underwriter of the securities.''.

SEC. 316. PROVISION OF TECHNICAL ASSISTANCE TO MICROENTERPRISES.

(a) IN GENERAL.—Title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et seq.) is amended by adding at the end the following:

"Subtitle C—Microenterprise Technical Assistance and Capacity Building Program

"SEC. 171. SHORT TITLE.

''This subtitle may be cited as the 'Program for Investment in Microentrepreneurs Act of 1999', also referred to as the 'PRIME Act'.

"SEC. 172. DEFINITIONS.

''For purposes of this subtitle—

''(1) the term 'Administrator' has the same meaning as in section 103;

''(2) the term 'capacity building services' means services provided to an organization that is, or is in the process of becoming a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs;

''(3) the term 'collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this subtitle;

''(4) the term 'disadvantaged entrepreneur' means a microentrepreneur that is—

''(A) a low-income person;

''(B) a very low-income person; or

''(C) an entrepreneur that lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator;

''(5) the term 'Fund' has the same meaning as in section 103;

''(6) the term 'Indian tribe' has the same meaning as in section 103;

''(7) the term 'intermediary' means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs as authorized under section 175;

''(8) the term 'low-income person' has the same meaning as in section 103;

''(9) the term 'microentrepreneur' means the owner or developer of a microenterprise;

''(10) the term 'microenterprise' means a sole proprietorship, partnership, or corporation that—

''(A) has fewer than 5 employees; and

''(B) generally lacks access to conventional loans, equity, or other banking services;

''(11) the term 'microenterprise development organization or program' means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs or prospective entrepreneurs;

''(12) the term 'training and technical assistance' means services and support provided to disadvantaged entrepreneurs or prospective entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services; and

''(13) the term 'very low-income person' means having an income, adjusted for family size, of not more than 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2), including any revision required by that section).

"SEC. 173. ESTABLISHMENT OF PROGRAM.

''The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Fund in the form of grants to qualified organizations in accordance with this subtitle.

"SEC. 174. USES OF ASSISTANCE.

''A qualified organization shall use grants made under this subtitle—

''(1) to provide training and technical assistance to disadvantaged entrepreneurs;

''(2) to provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;

''(3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and

''(4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.

''SEC. 175. QUALIFIED ORGANIZATIONS.

''For purposes of eligibility for assistance under this subtitle, a qualified organization shall be—

''(1) a nonprofit microenterprise development organization or program (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;

''(2) an intermediary;

''(3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or

''(4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.

''SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.

''(a) ALLOCATION OF ASSISTANCE.—

''(1) IN GENERAL.—The Administrator shall allocate assistance from the Fund under this subtitle to ensure that—

''(A) activities described in section 174(1) are funded using not less than 75 percent of amounts made available for such assistance; and

''(B) activities described in section 174(2) are funded using not less than 15 percent of amounts made available for such assistance.

''(2) LIMIT ON INDIVIDUAL ASSISTANCE.—No single organization or entity may receive more than 10 percent of the total funds appropriated under this subtitle in a single fiscal year.

''(b) TARGETED ASSISTANCE.—The Administrator shall ensure that not less than 50 percent of the grants made under this subtitle are used to benefit very low-income persons, including those residing on Indian reservations.

''(c) SUBGRANTS AUTHORIZED.—

''(1) IN GENERAL.—A qualified organization receiving assistance under this subtitle may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

''(2) LIMIT ON ADMINISTRATIVE EXPENSES.—Not more than 7.5 percent of assistance received by a qualified organization under this subtitle may be used for administrative expenses in connection with the making of subgrants under paragraph (1).

''(d) DIVERSITY.—In making grants under this subtitle, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities and racially and ethnically diverse populations.

''SEC. 177. MATCHING REQUIREMENTS.

''(a) IN GENERAL.—Financial assistance under this subtitle shall be matched with funds from sources other than the Federal Government on the basis of not less than 50 percent of each dollar provided by the Fund.

''(b) SOURCES OF MATCHING FUNDS.—Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in subsection (a).

''(c) EXCEPTION.—

''(1) IN GENERAL.—In the case of an applicant for assistance under this subtitle with severe constraints on available sources of matching funds, the Administrator may reduce or eliminate the matching requirements of subsection (a).

''(2) LIMITATION.—Not more than 10 percent of the total funds made available from the Fund in any fiscal year to carry out this subtitle may be excepted from the matching requirements of subsection (a), as authorized by paragraph (1) of this subsection.

''SEC. 178. APPLICATIONS FOR ASSISTANCE.

''An application for assistance under this subtitle shall be submitted in such form and in accordance with such procedures as the Fund shall establish.

''SEC. 179. RECORDKEEPING.

''The requirements of section 115 shall apply to a qualified organization receiving assistance from the Fund under this subtitle as if it were a community development financial institution receiving assistance from the Fund under subtitle A.

''SEC. 180. AUTHORIZATION.

''In addition to funds otherwise authorized to be appropriated to the Fund to carry out this title, there are authorized to be appropriated to the Fund to carry out this subtitle—

''(1) $15,000,000 for fiscal year 2000;

''(2) $15,000,000 for fiscal year 2001;

''(3) $15,000,000 for fiscal year 2002; and

''(4) $15,000,000 for fiscal year 2003.

''SEC. 181. IMPLEMENTATION.

''The Administrator shall, by regulation, establish such requirements as may be necessary to carry out this subtitle.''.

(b) ADMINISTRATIVE EXPENSES.—Section 121(a)(2)(A) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4718(a)(2)(A)) is amended—

(1) by striking ''$5,550,000'' and inserting ''$6,100,000''; and

(2) in the first sentence, by inserting before the period '', including costs and expenses associated with carrying out subtitle C''.

(c) CONFORMING AMENDMENTS.—Section 104(d) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703(d)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17'';

(B) in subparagraph (G)—

(i) by striking ''9'' and inserting ''11'';

(ii) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and

(iii) by inserting after clause (iii) the following:

''(iv) 2 individuals who have expertise in microenterprises and microenterprise development;''; and

(2) in paragraph (4), in the first sentence, by inserting before the period ''and subtitle C''.

SEC. 317. FEDERAL RESERVE AUDITS.

(a) IN GENERAL.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 11A the following:

''SEC. 11B. ANNUAL INDEPENDENT AUDITS OF FEDERAL RESERVE BANKS.

''(a) AUDIT REQUIRED.—Each Federal reserve bank shall annually obtain an audit of the financial statements of each Federal reserve bank (which shall have been prepared in accordance with generally accepted accounting principles) using generally accepted auditing standards from an independent auditor that meets the requirements of subsection (b).

''(b) AUDITOR'S QUALIFICATIONS.—The independent auditor referred to in subsection (a) shall—

''(1) be a certified public accountant who is independent of the Federal Reserve System; and

''(2) meet any other qualifications that the Board may establish.

''(c) CERTIFICATION REQUIRED.—In each audit required under subsection (a), the auditor shall certify to the Federal reserve bank and to the Board that the auditor—

''(1) is a certified public accountant and is independent of the Federal Reserve System; and

''(2) conducted the audit using generally accepted auditing standards.

''(d) CERTIFICATION BY FEDERAL RESERVE BANK.—Not later than 30 days after the completion of each audit required under subsection (a), the Federal reserve bank shall provide to the Comptroller General of the United States—

''(1) a certification that—

''(A) the Federal reserve bank has obtained the audit required under subsection (a);

''(B) the Federal reserve bank has received the certifications of the auditor required under subsection (c); and

''(C) the audit fully complies with subsection (a).

''(e) DETECTION OF ILLEGAL ACTS.—

''(1) AUDIT PROCEDURES.—Each audit required by this section shall include procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts.

''(2) REPORTING POSSIBLE ILLEGALITIES.—If, in the course of conducting an audit required by this section, the independent auditor detects or otherwise becomes aware of information indicating that an illegal act (whether or not perceived to have an effect on the financial statements of the Federal reserve bank) has or may have occurred, the auditor—

''(A) shall determine whether it is likely that the illegal act has occurred; and

''(B) shall, if the auditor determines that the illegal act is likely to have occurred—

''(i) determine and consider the possible effect of the illegal act on the financial statements of the Federal reserve bank; and

''(ii) as soon as practicable, inform the Board that the illegal act is likely to have occurred.

''(3) REPORT TO CONGRESS.—The independent auditor under this section shall, as soon as practicable, directly report its conclusions to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives with regard to any possible illegal act that has been detected or has otherwise come to the attention of the auditor during the course of the audit required by this section, if, after determining that the Board is adequately informed with respect to such possible illegal act, the auditor concludes that—

''(A) the possible illegal act has a direct and material effect on the financial statements of the Federal reserve bank;

''(B) the Board has not taken timely and appropriate remedial actions with respect to the possible illegal act; and

''(C) the failure to take remedial action is reasonably expected to warrant departure from a standard report of the auditor when made, or warrant resignation from the audit engagement.

''(4) RESIGNATION OF AUDITOR.—If an independent auditor resigns from its engagement to audit a Federal reserve bank under paragraph (3), the auditor shall furnish to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives, not

later than 1 business day after such resignation, a copy of the report of the auditor (or documentation of any oral report given).

''(f) RECORDKEEPING.—To facilitate compliance with this section, each Federal reserve bank shall—

''(1) ensure that the books, records, and accounts of the Federal reserve bank are maintained and kept in sufficient detail to accurately and fairly reflect the transactions and dispositions of the assets of the bank;

''(2) devise and maintain a system of internal controls sufficient to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets;

''(3) ensure that access to assets of the Federal reserve bank is permitted only in accordance with the general or specific authorization of the Board; and

''(4) ensure that—

''(A) the recorded accountability for assets is compared with the existing assets at reasonable intervals; and

''(B) appropriate action is taken with respect to any differences.

''(g) REPORTS TO BOARD, CONGRESS.—Not later than April 30 of each year, each Federal reserve bank shall submit a copy of each audit conducted under this section to the Board, and to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives.

''SEC. 11C. INDEPENDENT AUDITS OF FEDERAL RESERVE SYSTEM AND FEDERAL RESERVE BOARD.

''(a) AUDIT OF RESERVE SYSTEM.—The Board shall annually obtain an audit of the consolidated financial statements of the Federal Reserve System (which shall have been prepared in accordance with generally accepted accounting principles) from an independent auditor, using generally accepted auditing standards, based on reports of audits of Federal reserve banks submitted to the Board under section 11B(g) and the audit of the Board under subsection (b) of this section.

''(b) AUDIT OF BOARD.—

''(1) IN GENERAL.—The Board shall annually obtain an audit of the financial statements of the Board (which shall have been prepared in accordance with generally accepted accounting principles) from an independent auditor, using generally accepted auditing standards.

''(2) PRICED SERVICES AUDIT.—

''(A) IN GENERAL.—As part of each audit of the Board required by this subsection, the auditor shall—

''(i) audit the calculation of the private sector adjustment factor established by the Board pursuant to section 11A(c)(3) for the year that is the subject of the audit; and

''(ii) audit the pro forma balance sheet and income statement for the services described in section 11A(b), including the determination of revenue, expenses, and income before income taxes for each service listed in that section (in accordance with the criteria specified in section 11A(c)(3)).

''(B) REPORT TO THE BOARD.—The auditor shall report the results of the audit under subparagraph (A)(ii) to the Board in written form.

''(3) LIMITATION.—The evaluations and audits required by this subsection shall not include deliberations, decisions, or actions on monetary policy matters, including discount authority under section 13, reserves of national banks, securities credit, interest on deposits, and open market operations.

''(c) AUDITOR'S QUALIFICATIONS.—An independent auditor referred to in this section shall—

''(1) be a certified public accountant and be independent of the Federal Reserve System; and

''(2) meet any other qualifications that the Board may establish.

''(d) CERTIFICATION REQUIRED.—In each audit required under this section, the auditor shall certify to the Board that the auditor—

''(1) is a certified public accountant and is independent of the Federal Reserve System; and

''(2) conducted the audit using generally accepted auditing standards.

''(e) DETECTION OF ILLEGAL ACTS.—

''(1) AUDIT PROCEDURES.—Each audit required by this section shall include procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material affect on the determination of financial statement amounts.

''(2) REPORTING POSSIBLE ILLEGALITIES.—If, in the course of conducting an audit of the Federal Reserve System or the Board as required by this section, the independent auditor detects or otherwise becomes aware of information indicating that an illegal act (whether or not perceived to have an effect on the financial statements of the Federal reserve bank) has or may have occurred, the auditor—

''(A) shall determine whether it is likely that the illegal act has occurred; and

''(B) shall, if the auditor determines that the illegal act is likely to have occurred—

''(i) determine and consider the possible effect of the illegal act on the financial statements of the Federal Reserve System or the Board, as applicable; and

''(ii) as soon as practicable, inform the Board that the illegal act is likely to have occurred.

''(3) REPORT TO CONGRESS.—An independent auditor under this section shall directly report, as soon as practicable, its conclusions to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives, with regard to any possible illegal act that has been detected or has otherwise come to the attention of the auditor during the course of an audit of the Federal Reserve System or the Board required by this section, if, after determining that the Board is adequately informed with respect to such possible illegal act, the auditor concludes that—

''(A) the possible illegal act has a direct and material effect on the financial statements of the Federal Reserve System or the Board, as applicable;

''(B) the Board has not taken timely and appropriate remedial actions with respect to the possible illegal act; and

''(C) the failure to take remedial action is reasonably expected to warrant departure from a standard report of the auditor when made, or warrant resignation from the audits engagement.

''(4) RESIGNATION OF AUDITOR.—If an independent auditor resigns from its engagement to audit the Federal Reserve System or the Board under paragraph (3), the auditor shall furnish to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives, not later than 1 business day after such resignation, a copy of the report of the auditor (or documentation of any oral report given).

''(f) RECORDKEEPING.—To facilitate compliance with this section, the Board shall—

''(1) ensure that the books, records, and accounts of the Board are maintained and kept in sufficient detail to accurately and fairly reflect the transactions and dispositions of assets;

''(2) devise and maintain a system of internal controls sufficient to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets;

''(3) ensure that access to assets of the Board is permitted only in accordance with general or specific authorization of the Board; and

''(4) ensure that—

''(A) the recorded accountability for assets is compared with the existing assets at reasonable intervals; and

''(B) appropriate action is taken with respect to any differences.

''(g) REPORTS TO CONGRESS.—Not later than May 31 of each year, the Board shall make available all audits and reports required by this section to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives.''.

(b) FEDERAL RESERVE REQUIREMENTS.—

(1) CLARIFICATION OF FEE SCHEDULE REQUIREMENTS.—

(A) IN GENERAL.—Section 11A(b) of the Federal Reserve Act (12 U.S.C. 248a(b)) is amended—

(i) by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively; and

(ii) by inserting after paragraph (6) the following:

''(7) transportation of paper checks in the clearing process;''.

(B) PUBLICATION OF REVISED SCHEDULE.—Not later than 60 days after the date of enactment of this Act, the Board of Governors of the Federal Reserve System shall publish a revision of the schedule of fees required under section 11A of the Federal Reserve Act that reflects the changes made in the schedule in accordance with the amendments made by subparagraph (A) of this paragraph.

(2) CLARIFICATION OF APPLICABLE PRICING CRITERIA.—Section 11A(c) of the Federal Reserve Act (12 U.S.C. 248a(c)) is amended by striking paragraph (3) and inserting the following:

''(3)(A) In each fiscal year, fees shall be established for each service provided by the Federal reserve banks on the basis of all direct and indirect costs actually incurred (excluding the effect of any pension cost credit) in providing each of the services, including interest on items credited prior to actual collection, overhead, and an allocation of imputed costs, which takes into account the taxes that would have been paid and the return on capital that would have been provided had the services been provided by a private business firm.

''(B) The pricing principles referred to in subparagraph (A) shall be carried out with due regard to competitive factors and the provision of an adequate level of such services nationwide.

''(C)(i) Not later than 1 year after the date of enactment of the Financial Services Modernization Act of 1999, and not less frequently than once every 3 years thereafter, the Board shall conduct a comprehensive review of the methodology used to calculate the private sector adjustment factor pursuant to section 11A(c)(3), including a public notice and comment period.

''(ii) In conducting the review under clause (i), the Board shall publish in the Federal

Register all elements of the methodology in use by the Board in the calculation of the private sector adjustment factor pursuant to section 11A(c)(3) provide notice and solicit public comment on the methodology, requesting commentators to identify areas of the methodology that are outdated, inappropriate, unnecessary, or that contribute to an inaccurate result in the calculation of the private sector adjustment factor.

''(iii) The Board shall—

''(I) publish in the Federal Register a summary of the comments received under this subparagraph, identifying significant issues raised; and

''(II) provide comment on such issues and make changes to the methodology to the extent that the Board considers to be appropriate.

''(iv) Not later than 30 days after the completion of each review under clause (i), the Board shall submit to Congress a report which shall include—

''(I) a summary of any significant issues raised by public comments received by the Board under this subparagraph and the relative merits of such issues; and

''(II) an analysis of whether the Board is able to address the concerns raised, or whether such concerns should be addressed by legislation.''.

SEC. 318. STUDY AND REPORT ON ADVERTISING PRACTICES OF ONLINE BROKERAGE SERVICES.

(a) STUDY.—The Securities and Exchange Commission (hereafter in this section referred to as the ''Commission''), in consultation with the National Association of Securities Dealers and other interested parties, shall conduct a study of—

(1) the nature and content of advertising by online brokerage services in all media, including television, on the Internet, radio, and in print;

(2) if such advertising influences investors and potential investors to make investment decisions, and if such advertising improperly influences those investors and potential investors to make inappropriate investment decisions;

(3) whether such advertising properly discloses the risks associated with trading and investing in the capital markets; and

(4) whether—

(A) there are appropriate regulatory mechanisms in place to prevent any improper or deceptive advertising; and

(B) the Commission has or needs additional resources or authority to actively participate in such regulation.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Commission shall submit a report to the Congress on the results of the study conducted under subsection (a), together with any recommendations for changes that it considers necessary to protect investors and potential investors from improper or deceptive advertising.

SEC. 319. ELIGIBILITY OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION TO BORROW FROM THE FEDERAL HOME LOAN BANK SYSTEM.

Section 10b of the Federal Home Loan Bank Act (12 U.S.C. 1430b) is amended—

(1) in subsection (a) by striking the second sentence and inserting the following two sentences: ''Such mortgagees must be (i) chartered institutions having succession and (ii) subject to the inspection and supervision of some governmental agency or a community development financial institution (other than an insured depository institution or a subsidiary thereof) that, at the time the advance is made, is certified under the Community Development Banking and Financial Institutions Act of 1994. The principal activity of such mortgagees in the mortgage field must consist of lending their own funds and any advances may be subject to the same collateralization requirements as applied to other nonmember borrowers.'';

(2) in the last sentence of subsection (a) by replacing the word ''such'' with ''the same'' and by replacing the phrase ''shall be determined by the board'' with the phrase ''are comparable extensions of credit to members''; and

(3) in subsection (b) by inserting in the first sentence between the words ''agency'' and ''for'' the following phrase: ''or a certified community development financial institution''.

TITLE IV—FEDERAL HOME LOAN BANK SYSTEM MODERNIZATION

SEC. 401. SHORT TITLE.

This title may be cited as the ''Federal Home Loan Bank System Modernization Act of 1999''.

SEC. 402. DEFINITIONS.

Section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422) is amended—

(1) in paragraph (1), by striking ''term 'Board' means'' and inserting ''terms 'Finance Board' and 'Board' mean'';

(2) by striking paragraph (3) and inserting the following:

''(3) STATE.—The term 'State', in addition to the States of the United States, includes the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.''; and

(3) by adding at the end the following new paragraph:

''(13) COMMUNITY FINANCIAL INSTITUTION.—

''(A) IN GENERAL.—The term 'community financial institution' means a member—

''(i) the deposits of which are insured under the Federal Deposit Insurance Act; and

''(ii) that has, as of the date of the transaction at issue, less than $500,000,000 in average total assets, based on an average of total assets over the 3 years preceding that date.

''(B) ADJUSTMENTS.—The $500,000,000 limit referred to in subparagraph (A)(ii) shall be adjusted annually by the Finance Board, based on the annual percentage increase, if any, in the Consumer Price Index for all urban consumers, as published by the Department of Labor.''.

SEC. 403. SAVINGS ASSOCIATION MEMBERSHIP.

(a) FEDERAL HOME LOAN BANK MEMBERSHIP.—Section 5(f) of the Home Owners' Loan Act (12 U.S.C. 1464(f)) is amended to read as follows:

''(f) FEDERAL HOME LOAN BANK MEMBERSHIP.—On and after June 1, 2000, a Federal savings association may become a member of the Federal Home Loan Bank System, and shall qualify for such membership in the manner provided by the Federal Home Loan Bank Act.''.

(b) WITHDRAWAL.—Section 6(e) of the Federal Home Loan Bank Act (12 U.S.C. 1426(e)) is amended by striking ''Any member other than a Federal savings and loan association may withdraw'' and inserting ''Any member may withdraw if, on the date of withdrawal there is in effect a certification by the Finance Board that the withdrawal will not cause the Federal Home Loan Bank System to fail to meet its obligation under section 21B(f)(2)(C) to contribute to the debt service for the obligations issued by the Resolution Funding Corporation''.

SEC. 404. ADVANCES TO MEMBERS; COLLATERAL.

(a) IN GENERAL.—Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and indenting appropriately;

(2) by striking ''(a) Each'' and inserting the following:

''(a) IN GENERAL.—

''(1) ALL ADVANCES.—Each'';

(3) by striking the second sentence and inserting the following:

''(2) PURPOSES OF ADVANCES.—A long-term advance may only be made for the purposes of—

''(A) providing funds to any member for residential housing finance; and

''(B) providing funds to any community financial institution for small businesses, small farms, and small agri-businesses.'';

(4) by striking ''A Bank'' and inserting the following:

''(3) COLLATERAL.—A Bank'';

(5) in paragraph (3) (as so designated by paragraph (4) of this subsection)—

(A) in subparagraph (C) (as so redesignated by paragraph (1) of this subsection) by striking ''Deposits'' and inserting ''Cash or deposits'';

(B) in subparagraph (D) (as so redesignated by paragraph (1) of this subsection), by striking the second sentence; and

(C) by inserting after subparagraph (D) (as so redesignated by paragraph (1) of this subsection) the following new subparagraph:

''(E) Secured loans for small business, agriculture, or securities representing a whole interest in such secured loans, in the case of any community financial institution.'';

(6) in paragraph (5)—

(A) in the second sentence, by striking ''and the Board'';

(B) in the third sentence, by striking ''Board'' and inserting ''Federal Home Loan Bank''; and

(C) by striking ''(5) Paragraphs (1) through (4)'' and inserting the following:

''(4) ADDITIONAL BANK AUTHORITY.—Subparagraphs (A) through (E) of paragraph (3)''; and

(7) by adding at the end the following:

''(5) REVIEW OF CERTAIN COLLATERAL STANDARDS.—The Board may review the collateral standards applicable to each Federal Home Loan Bank for the classes of collateral described in subparagraphs (D) and (E) of paragraph (3), and may, if necessary for safety and soundness purposes, require an increase in the collateral standards for any or all of those classes of collateral.

''(6) DEFINITIONS.—For purposes of this subsection, the terms 'small business', 'agriculture', 'small farm', and 'small agri-business' shall have the meanings given those terms by rule or regulation of the Finance Board.''.

(b) CLERICAL AMENDMENT.—The section heading for section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended to read as follows:

''SEC. 10. ADVANCES TO MEMBERS.''.

SEC. 405. ELIGIBILITY CRITERIA.

Section 4(a) of the Federal Home Loan Bank Act (12 U.S.C. 1424(a)) is amended—

(1) in paragraph (2)(A), by inserting, ''(other than a community financial institution)'' after ''institution'';

(2) in the matter immediately following paragraph (2)(C)—

(A) by striking ''An insured'' and inserting the following:

''(3) CERTAIN INSTITUTIONS.—An insured''; and

(B) by striking ''preceding sentence'' and inserting ''paragraph (2)''; and

(3) by adding at the end the following new paragraph:

''(4) LIMITED EXEMPTION FOR COMMUNITY FINANCIAL INSTITUTIONS.—A community financial institution that otherwise meets the requirements of paragraph (2) may become a member without regard to the percentage of its total assets that is represented by residential mortgage loans, as described in subparagraph (A) of paragraph (2).''.

SEC. 406. MANAGEMENT OF BANKS.

(a) BOARD OF DIRECTORS.—Section 7(d) of the Federal Home Loan Bank Act (12 U.S.C. 1427(d)) is amended—

(1) by striking ''(d) The term'' and inserting the following:

''(d) TERMS OF OFFICE.—The term''; and

(2) by striking ''shall be two years''.

(b) COMPENSATION.—Section 7(i) of the Federal Home Loan Bank Act (12 U.S.C. 1427(i)) is amended by striking ''subject to the approval of the board''.

(c) REPEAL OF SECTIONS 22A AND 27.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended by striking sections 22A (12 U.S.C. 1442a) and 27 (12 U.S.C. 1447).

(d) SECTION 12.—Section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended—

(1) in subsection (a)—

(A) by striking '', but, except'' and all that follows through ''ten years'';

(B) by striking ''subject to the approval of the Board'' each place that term appears;

(C) by striking ''and, by its Board of directors,'' and all that follows through ''agent of such bank,'' and inserting ''and, by the board of directors of the Bank, to prescribe, amend, and repeal by-laws governing the manner in which its affairs may be administered, consistent with applicable laws and regulations, as administered by the Finance Board. No officer, employee, attorney, or agent of a Federal Home Loan Bank''; and

(D) by striking ''Board of directors'' each place that term appears and inserting ''board of directors''; and

(2) in subsection (b), by striking ''loans banks'' and inserting ''loan banks''.

(e) POWERS AND DUTIES OF FEDERAL HOUSING FINANCE BOARD.—

(1) ISSUANCE OF NOTICES OF VIOLATIONS.—Section 2B(a) of the Federal Home Loan Bank Act (12 U.S.C. 1422b(a)) is amended by adding at the end the following new paragraphs:

''(5) To issue and serve a notice of charges upon a Federal Home Loan Bank or upon any executive officer or director of a Federal Home Loan Bank if, in the determination of the Finance Board, the Bank, executive officer, or director is engaging or has engaged in, or the Finance Board has reasonable cause to believe that the Bank, executive officer, or director is about to engage in, any conduct that violates any provision of this Act or any law, order, rule, or regulation or any condition imposed in writing by the Finance Board in connection with the granting of any application or other request by the Bank, or any written agreement entered into by the Bank with the agency, in accordance with the procedures provided in section 1371(c) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. Such authority includes the same authority to take affirmative action to correct conditions resulting from violations or practices or to limit activities of a Bank or any executive officer or director of a Bank as appropriate Federal banking agencies have to take with respect to insured depository institutions under paragraphs (6) and (7) of section 8(b) of the Federal Deposit Insurance Act, and to have all other powers, rights, and duties to enforce this Act with respect to the Federal Home Loan Banks and their executive officers and directors as the Office of Federal Housing Enterprise Oversight has to enforce the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Federal National Mortgage Association Charter Act, or the Federal Home Loan Mortgage Corporation Act with respect to the Federal housing enterprises under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

''(6) To sue and be sued, by and through its own attorneys.''.

(2) TECHNICAL AMENDMENT.—Section 111 of Public Law 93–495 (12 U.S.C. 250) is amended by inserting ''Federal Housing Finance Board,'' after ''Director of the Office of Thrift Supervision,''.

(f) ELIGIBILITY TO SECURE ADVANCES.—

(1) SECTION 9.—Section 9 of the Federal Home Loan Bank Act (12 U.S.C. 1429) is amended—

(A) in the second sentence, by striking ''with the approval of the Board''; and

(B) in the third sentence, by striking '', subject to the approval of the Board,''.

(2) SECTION 10.—Section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended—

(A) in subsection (c)—

(i) in the first sentence, by striking ''Board'' and inserting ''Federal Home Loan Bank''; and

(ii) in the second sentence, by striking ''held by'' and all that follows before the period; and

(B) in subsection (d)—

(i) in the first sentence, by striking ''and the approval of the Board''; and

(ii) by striking ''Subject to the approval of the Board, any'' and inserting ''Any''.

(g) SECTION 16.—Section 16(a) of the Federal Home Loan Bank Act (12 U.S.C. 1436(a)) is amended—

(1) in the third sentence—

(A) by striking ''net earnings'' and inserting ''previously retained earnings or current net earnings''; and

(B) by striking '', and then only with the approval of the Federal Housing Finance Board''; and

(2) by striking the fourth sentence.

(h) SECTION 18.—Section 18(b) of the Federal Home Loan Bank Act (12 U.S.C. 1438(b)) is amended by striking paragraph (4).

SEC. 407. RESOLUTION FUNDING CORPORATION.

(a) IN GENERAL.—Section 21B(f)(2)(C) of the Federal Home Loan Bank Act (12 U.S.C. 1441b(f)(2)(C)) is amended to read as follows:

''(C) PAYMENTS BY FEDERAL HOME LOAN BANKS.—

''(i) IN GENERAL.—To the extent that the amounts available pursuant to subparagraphs (A) and (B) are insufficient to cover the amount of interest payments, each Federal Home Loan Bank shall pay to the Funding Corporation in each calendar year, 20.75 percent of the net earnings of that Bank (after deducting expenses relating to section 10(j) and operating expenses).

''(ii) ANNUAL DETERMINATION.—The Board annually shall determine the extent to which the value of the aggregate amounts paid by the Federal Home Loan Banks exceeds or falls short of the value of an annuity of $300,000,000 per year that commences on the issuance date and ends on the final scheduled maturity date of the obligations, and shall select appropriate present value factors for making such determinations.

''(iii) PAYMENT TERM ALTERATIONS.—The Board shall extend or shorten the term of the payment obligations of a Federal Home Loan Bank under this subparagraph as necessary to ensure that the value of all payments made by the Banks is equivalent to the value of an annuity referred to in clause (ii).

''(iv) TERM BEYOND MATURITY.—If the Board extends the term of payment obligations beyond the final scheduled maturity date for the obligations, each Federal Home Loan Bank shall continue to pay 20.75 percent of its net earnings (after deducting expenses relating to section 10(j) and operating expenses) to the Treasury of the United States until the value of all such payments by the Federal Home Loan Banks is equivalent to the value of an annuity referred to in clause (ii). In the final year in which the Federal Home Loan Banks are required to make any payment to the Treasury under this subparagraph, if the dollar amount represented by 20.75 percent of the net earnings of the Federal Home Loan Banks exceeds the remaining obligation of the Banks to the Treasury, the Finance Board shall reduce the percentage pro rata to a level sufficient to pay the remaining obligation.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on June 1, 2000. Payments made by a Federal Home Loan Bank before that effective date shall be counted toward the total obligation of that Bank under section 21B(f)(2)(C) of the Federal Home Loan Bank Act, as amended by this section.

SEC. 408. GAO STUDY ON FEDERAL HOME LOAN BANK SYSTEM CAPITAL.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of—

(1) possible revisions to the capital structure of the Federal Home Loan Bank System, including the need for—

(A) more permanent capital;

(B) a statutory leverage ratio; and

(C) a risk-based capital structure; and

(2) what impact such revisions might have on the operations of the Federal Home Loan Bank System, including the obligation of the Federal Home Loan Bank System under section 21B(f)(2)(C) of the Federal Home Loan Bank Act.

(b) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress on the results of the study conducted under subsection (a).

TITLE V—FUNCTIONAL REGULATION OF BROKERS AND DEALERS

SEC. 501. DEFINITION OF BROKER.

(a) It is the intention of this Act subject to carefully defined exceptions which do not undermine the dominant principle of functional regulation to ensure that securities transactions effected by a bank are regulated by securities regulators, notwithstanding any other provision of this Act.

(b) Section 3(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)) is amended to read as follows:

''(4) BROKER.—

''(A) IN GENERAL.—The term 'broker' means any person engaged in the business of effecting transactions in securities for the account of others.

''(B) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a broker because the bank engages in any of the following activities under the conditions described:

''(i) THIRD PARTY BROKERAGE ARRANGEMENTS.—The bank enters into a contractual

or other arrangement with a broker or dealer registered under this title under which the broker or dealer offers brokerage services on or off the premises of the bank, if—

''(I) such broker or dealer is clearly identified as the person performing the brokerage services;

''(II) the broker or dealer performs brokerage services in an area of the bank that is clearly marked and, to the extent practicable, physically separate from the routine deposit-taking activities of the bank;

''(III) any materials used by the bank to advertise or promote generally the availability of brokerage services under the contractual or other arrangement clearly indicate that the brokerage services are being provided by the broker or dealer and not by the bank;

''(IV) any materials used by the bank to advertise or promote generally the availability of brokerage services under the contractual or other arrangement are in compliance with the Federal securities laws before distribution;

''(V) bank employees (other than associated persons of a broker or dealer who are qualified pursuant to the rules of a self-regulatory organization) perform only clerical or ministerial functions in connection with brokerage transactions including scheduling appointments with the associated persons of a broker or dealer, except that bank employees may forward customer funds or securities and may describe in general terms the range of investment vehicles available from the bank and the broker or dealer under the contractual or other arrangement;

''(VI) bank employees do not directly receive incentive compensation for any brokerage transaction, unless such employees are associated persons of a broker or dealer and are qualified pursuant to the rules of a self-regulatory organization, except that the bank employees may receive compensation for the referral of any customer if the compensation is a nominal one-time cash fee of a fixed dollar amount and the payment of the fee is not contingent on whether the referral results in a transaction;

''(VII) such services are provided by the broker or dealer on a basis in which all customers that receive any services are fully disclosed to the broker or dealer;

''(VIII) the bank does not carry a securities account of the customer, except in a customary custodian or trustee capacity; and

''(IX) the bank, broker, or dealer informs each customer that the brokerage services are provided by the broker or dealer and not by the bank, and that the securities are not deposits or other obligations of the bank, are not guaranteed by the bank, and are not insured by the Federal Deposit Insurance Corporation.

''(ii) TRUST ACTIVITIES.—The bank effects transactions in a trustee capacity, or effects transactions in a fiduciary capacity in its trust department or other department that is regularly examined by bank examiners for compliance with fiduciary principles and standards, and does not publicly solicit brokerage business, other than by advertising that it effects transactions in securities in conjunction with advertising its other trust activities.

''(iii) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank effects transactions in—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian Government obligations, as defined in section 5136 of the Revised Statutes of the United States, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(iv) CERTAIN STOCK PURCHASE PLANS.—

''(I) EMPLOYEE BENEFIT PLANS.—The bank effects transactions, as part of its transfer agency activities, in the securities of an issuer as part of any pension, retirement, profit-sharing, bonus, thrift, savings, incentive, or other similar benefit plan for the employees of that issuer or its subsidiaries, if the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan.

''(II) DIVIDEND REINVESTMENT PLANS.—The bank effects transactions, as part of its transfer agency activities, in the securities of an issuer as part of that issuer's dividend reinvestment plan, if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan; and

''(bb) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission.

''(III) ISSUER PLANS.—The bank effects transactions, as part of its transfer agency activities, in the securities of an issuer as part of a plan or program for the purchase or sale of that issuer's shares, if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan or program; and

''(bb) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission.

''(IV) PERMISSIBLE DELIVERY OF MATERIALS.—The exception to being considered a broker for a bank engaged in activities described in subclauses (I), (II), and (III) will not be affected by delivery of written or electronic plan materials by a bank to employees of the issuer, shareholders of the issuer, or members of affinity groups of the issuer, so long as such materials are—

''(aa) comparable in scope or nature to that permitted by the Commission as of the date of the enactment of the Financial Services Modernization Act of 1999; or

''(bb) otherwise permitted by the Commission.

''(v) SWEEP ACCOUNTS.—The bank effects transactions as part of a program for the investment or reinvestment of bank deposit funds into any no-load, open-end management investment company registered under the Investment Company Act of 1940 that holds itself out as a money market fund.

''(vi) AFFILIATE TRANSACTIONS.—The bank effects transactions for the account of any affiliate of the bank (as defined in section 2 of the Bank Holding Company Act of 1956) other than—

''(I) a registered broker or dealer; or

''(II) an affiliate that is engaged in merchant banking, as described in section 4(k)(4)(H) of the Bank Holding Company Act of 1956.

''(vii) PRIVATE SECURITIES OFFERINGS.—The bank effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933, or the rules and regulations issued thereunder.

''(viii) SAFEKEEPING AND CUSTODY ACTIVITIES.—

''(I) IN GENERAL.—The bank, as part of customary banking activities—

''(aa) provides safekeeping or custody services with respect to securities, including the exercise of warrants and other rights on behalf of customers;

''(bb) facilitates the transfer of funds or securities, as a custodian or a clearing agency, in connection with the clearance and settlement of its customers' transactions in securities;

''(cc) effects securities lending or borrowing transactions with or on behalf of customers as part of services provided to customers pursuant to division (aa) or (bb) or invests cash collateral pledged in connection with such transactions; or

''(dd) holds securities pledged by a customer to another person or securities subject to purchase or resale agreements involving a customer, or facilitates the pledging or transfer of such securities by book entry or as otherwise provided under applicable law.

''(II) EXCEPTION FOR CARRYING BROKER ACTIVITIES.—The exception to being considered a broker for a bank engaged in activities described in subclause (I) shall not apply if the bank, in connection with such activities, acts in the United States as a carrying broker (as such term, and different formulations thereof, are used in section 15(c)(3) and the rules and regulations thereunder) for any broker or dealer, unless such carrying broker activities are engaged in with respect to government securities (as defined in paragraph (42) of this subsection).

''(ix) BANKING PRODUCTS.—The bank effects transactions in traditional banking products, as defined in section 503(a) of the Financial Services Modernization Act of 1999.

''(x) DE MINIMIS EXCEPTION.—The bank effects, other than in transactions referred to in clauses (i) through (ix), not more than 500 transactions in securities in any calendar year, and such transactions are not effected by an employee of the bank who is also an employee of a broker or dealer.

''(C) EXECUTION BY BROKER OR DEALER.—The exception to being considered a broker for a bank engaged in activities described in clauses (ii), (iv), and (viii) of subparagraph (B) shall not apply if the activities described in such provisions result in the trade in the United States of any security that is a publicly traded security in the United States, unless—

''(i) the bank directs such trade to a registered broker or dealer for execution;

''(ii) the trade is a cross trade or other substantially similar trade of a security that—

''(I) is made by the bank or between the bank and an affiliated fiduciary; and

''(II) is not in contravention of fiduciary principles established under applicable Federal or State law; or

''(iii) the trade is conducted in some other manner permitted under such rules, regulations, or orders as the Commission may prescribe or issue.

''(D) NO EFFECT OF BANK EXEMPTIONS ON OTHER COMMISSION AUTHORITY.—The exception to being considered a broker for a bank engaged in activities described in subparagraphs (B) and (C) shall not affect the authority of the Commission under any other provision of this title or any other securities law.

''(E) FIDUCIARY CAPACITY.—For purposes of subparagraph (B)(ii) of this paragraph and paragraph (5)(C), the term 'fiduciary capacity' means—

''(i) in the capacity as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian, either under a uniform gift to minor act or for an individual retirement account, or as an investment adviser if the bank receives a fee for its investment advice or services, or as a service provider to any pension, retirement, profit sharing, bonus, thrift, savings, incentive, or other similar benefit plan;

''(ii) in any capacity in which the bank possesses investment discretion on behalf of another; or

''(iii) in any other similar capacity.

''(F) EXCEPTION FOR ENTITIES SUBJECT TO SECTION 15(e).—The term 'broker' does not include a bank that—

''(i) was, on the day before the date of enactment of the Financial Services Modernization Act of 1999, subject to section 15(e); and

''(ii) is subject to such restrictions and requirements as the Commission considers appropriate.''.

SEC. 502. DEFINITION OF DEALER.

Section 3(a)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(5)) is amended to read as follows:

''(5) DEALER.—

''(A) IN GENERAL.—The term 'dealer' means any person engaged in the business of buying and selling securities for such person's own account through a broker or otherwise.

''(B) EXCEPTION FOR PERSON NOT ENGAGED IN THE BUSINESS OF DEALING.—The term 'dealer' does not include a person that buys or sells securities for such person's own account, either individually or in a fiduciary capacity, but not as a part of a regular business.

''(C) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a dealer because the bank engages in any of the following activities under the conditions described:

''(i) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank buys or sells—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes of the United States, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(ii) INVESTMENT, TRUSTEE, AND FIDUCIARY TRANSACTIONS.—The bank buys or sells securities for investment purposes—

''(I) for the bank; or

''(II) for accounts for which the bank acts in a trustee capacity or fiduciary capacity.

''(iii) ASSET-BACKED TRANSACTIONS.—The bank engages in the issuance or sale to qualified investors, through a grantor trust or otherwise, of securities backed by or representing an interest in notes, drafts, acceptances, loans, leases, receivables, other obligations, or pools of any such obligations predominantly originated by the bank, or a syndicate of banks of which the bank is a member, or an affiliate of any such bank other than a broker or dealer.

''(iv) BANKING PRODUCTS.—The bank buys or sells traditional banking products, as defined in section 503(a) of the Financial Services Modernization Act of 1999.''.

SEC. 503. DEFINITION AND TREATMENT OF BANKING PRODUCTS.

(a) DEFINITION OF TRADITIONAL BANKING PRODUCT.—For purposes of this title and paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4), (5)), as amended by this title, the term ''traditional banking product'' means—

(1) a deposit account, savings account, certificate of deposit, or other deposit instrument issued by a bank;

(2) a banker's acceptance;

(3) a letter of credit issued or loan made by a bank;

(4) a debit account at a bank arising from a credit card or similar arrangement;

(5) a participation in a loan which the bank or an affiliate of the bank (other than a broker or dealer) funds, participates in, or owns that is sold—

(A) to qualified investors; or

(B) to other persons that—

(i) have the opportunity to review and assess any material information, including information regarding the borrower's creditworthiness; and

(ii) based on such factors as financial sophistication, net worth, and knowledge and experience in financial matters, have the capability to evaluate the information available, as determined under generally applicable banking standards or guidelines; and

(6) any swap agreement (as defined in section 11(e)(8)(D)(vi) of the Federal Deposit Insurance Act), including credit swaps and equity swaps, unless the appropriate Federal banking agency determines that credit swaps and equity swaps shall not be included in the definition of such term.

(b) TRANSACTIONS INVOLVING HYBRID PRODUCTS.—

(1) COMMISSION AUTHORITY.—The Commission may, with the concurrence of the Board, determine, by regulation published in the Federal Register, that a bank that effects transactions in, or buys or sells, a new product should be subject to the registration requirements of this section.

(2) LIMITATION.—The Commission may not impose the registration requirements of this section on any bank that effects transactions in, or buys or sells, a product under this subsection unless the Commission, with the concurrence of the Board, determines in the regulations described in paragraph (1) that—

(A) the subject product is a new product;

(B) the subject product is a security; and

(C) imposing the registration requirements of this section is necessary or appropriate in the public interest and for the protection of investors.

(c) CLASSIFICATION LIMITED.—Classification of a particular product or instrument as a traditional banking product pursuant to this section shall not be construed as finding or implying that such product or instrument is or is not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

(d) NO LIMITATION ON OTHER AUTHORITY TO CHALLENGE.—Nothing in this section shall affect the right or authority of the Board, any appropriate Federal banking agency, or any interested party under any other provision of law to object to or seek judicial review as to whether a product or instrument is or is not appropriately classified as a traditional banking product under subsection (a).

(e) OTHER DEFINITIONS.—For purposes of this section—

(1) the term ''appropriate Federal banking agency'' has the same meaning as in section 3 of the Federal Deposit Insurance Act;

(2) the term ''bank'' has the same meaning as in section 3(a)(6) of the Securities Exchange Act of 1934;

(3) the term ''Board'' means the Board of Governors of the Federal Reserve System;

(4) the term ''Commission'' means the Securities and Exchange Commission;

(5) the term ''government securities'' has the same meaning as in section 3(a)(42) of the Securities Exchange Act of 1934, and, for purposes of this subsection, commercial paper, bankers acceptances, and commercial bills shall be treated in the same manner as government securities;

(6) the term ''new product'' means a product or instrument offered or provided by a bank that—

(i) was not subject to regulation by the Commission as a security under the Federal securities laws before the date of enactment of this Act; and

(ii) is not a traditional banking product; and

(7) the term ''qualified investor'' has the same meaning as in section 3(a)(54) of the Securities Exchange Act of 1934, as added by this title.

SEC. 504. QUALIFIED INVESTOR DEFINED.

Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following new paragraphs:

''(54) QUALIFIED INVESTOR.—

''(A) DEFINITION.—The term 'qualified investor' means—

''(i) any investment company registered with the Commission under section 8 of the Investment Company Act of 1940;

''(ii) any issuer eligible for an exclusion from the definition of 'investment company' pursuant to section 3(c)(7) of the Investment Company Act of 1940;

''(iii) any bank (as defined in paragraph (6)), savings association (as defined in section 3(b) of the Federal Deposit Insurance Act), broker, dealer, insurance company (as defined in section 2(a)(13) of the Securities Act of 1933), or business development company (as defined in section 2(a)(48) of the Investment Company Act of 1940);

''(iv) any small business investment company licensed by the Small Business Administration under subsection (c) or (d) of section 301 of the Small Business Investment Act of 1958;

''(v) any State sponsored employee benefit plan, or any other employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, other than an individual retirement account, if the investment decisions are made by a plan fiduciary, as defined in section 3(21) of that Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser;

''(vi) any trust whose purchases of securities are directed by a person described in clauses (i) through (v) of this subparagraph;

''(vii) any market intermediary that is exempt under section 3(c)(2) of the Investment Company Act of 1940;

''(viii) any associated person of a broker or dealer, other than a natural person;

''(ix) any foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

''(x) the government of any foreign country;

''(xi) any corporation, company, or partnership that owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(xii) any natural person who owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(xiii) any government or political subdivision, agency, or instrumentality of a government who owns and invests on a discretionary basis, not less than $50,000,000 in investments; or

''(xiv) any multinational or supranational entity or any agency or instrumentality thereof.

''(B) ADDITIONAL AUTHORITY.—The Commission may, by rule or order, define a 'qualified investor' as any other person not described in subparagraph (A), taking into consideration such factors as the financial sophistication of the person, net worth, and knowledge and experience in financial matters.''.

SEC. 505. GOVERNMENT SECURITIES DEFINED.

Section 3(a)(42) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(42)) is amended—

(1) by striking ''or'' at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(E) for purposes of section 15C, as applied to a bank, a qualified Canadian Government obligation, as defined in section 5136 of the Revised Statutes of the United States.''.

SEC. 506. EFFECTIVE DATE.

This title shall become effective at the end of the 1-year period beginning on the date of enactment of this Act.

SEC. 507. RULE OF CONSTRUCTION.

Nothing in this title shall supersede, affect, or otherwise limit the scope and applicability of the Commodity Exchange Act (7 U.S.C. 1 et seq.).

TITLE VI—UNITARY SAVINGS AND LOAN HOLDING COMPANIES

SEC. 601. PREVENTION OF CREATION OF NEW S&L HOLDING COMPANIES WITH COMMERCIAL AFFILIATES.

(a) IN GENERAL.—Section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) is amended by adding at the end the following new paragraph:

''(9) PREVENTION OF NEW AFFILIATIONS BETWEEN S&L HOLDING COMPANIES AND COMMERCIAL FIRMS.—

''(A) IN GENERAL.—Notwithstanding paragraph (3), no company may directly or indirectly, including through any merger, consolidation, or other type of business combination, acquire control of a savings association after May 4, 1999, unless the company is engaged, directly or indirectly (including through a subsidiary other than a savings association), only in activities that are permitted—

''(i) under paragraph (1)(C) or (2) of this subsection; or

''(ii) for financial holding companies under section 4(k) of the Bank Holding Company Act of 1956.

''(B) PREVENTION OF NEW COMMERCIAL AFFILIATIONS.—Notwithstanding paragraph (3), no savings and loan holding company may engage directly or indirectly (including through a subsidiary other than a savings association) in any activity other than as described in clauses (i) and (ii) of subparagraph (A).

''(C) PRESERVATION OF AUTHORITY OF EXISTING UNITARY S&L HOLDING COMPANIES.—Subparagraphs (A) and (B) do not apply with respect to any company that was a savings and loan holding company on May 4, 1999, or that becomes a savings and loan holding company pursuant to an application pending before the Office on or before that date, and that—

''(i) meets and continues to meet the requirements of paragraph (3); and

''(ii) continues to control not fewer than 1 savings association that it controlled on May 4, 1999, or that it acquired pursuant to an application pending before the Office on or before that date, or the successor to such savings association.

''(D) CORPORATE REORGANIZATIONS PERMITTED.—This paragraph does not prevent a transaction that—

''(i) involves solely a company under common control with a savings and loan holding company from acquiring, directly or indirectly, control of the savings and loan holding company or any savings association that is already a subsidiary of the savings and loan holding company; or

''(ii) involves solely a merger, consolidation, or other type of business combination as a result of which a company under common control with the savings and loan holding company acquires, directly or indirectly, control of the savings and loan holding company or any savings association that is already a subsidiary of the savings and loan holding company.

''(E) AUTHORITY TO PREVENT EVASIONS.—The Director may issue interpretations, regulations, or orders that the Director determines necessary to administer and carry out the purpose and prevent evasions of this paragraph, including a determination that, notwithstanding the form of a transaction, the transaction would in substance result in a company acquiring control of a savings association.

''(F) PRESERVATION OF AUTHORITY FOR FAMILY TRUSTS.—Subparagraphs (A) and (B) do not apply with respect to any trust that becomes a savings and loan holding company with respect to a savings association, if—

''(i) not less than 85 percent of the beneficial ownership interests in the trust are continuously owned, directly or indirectly, by or for the benefit of members of the same family, or their spouses, who are lineal descendants of common ancestors who controlled, directly or indirectly, such savings association on May 4, 1999, or a subsequent date, pursuant to an application pending before the Office on or before May 4, 1999; and

''(ii) at the time at which such trust becomes a savings and loan holding company, such ancestors or lineal descendants, or spouses of such descendants, have directly or indirectly controlled the savings association continuously since May 4, 1999, or a subsequent date, pursuant to an application pending before the Office on or before May 4, 1999.''.

(b) CONFORMING AMENDMENT.—Section 10(o)(5)(E) of the Home Owners' Loan Act (15 U.S.C. 1467a(o)(5)(E)) is amended by striking '', except subparagraph (B)'' and inserting ''or (c)(9)(A)(ii)''.

SEC. 602. OPTIONAL CONVERSION OF FEDERAL SAVINGS ASSOCIATIONS.

Section 5(i) of the Home Owners' Loan Act (12 U.S.C. 1464(i)) is amended by adding at the end the following new paragraph:

''(5) CONVERSION TO NATIONAL BANK.—Notwithstanding any other provision of law, any Federal savings association chartered and in operation prior to the date of enactment of the Financial Services Modernization Act of 1999, with branches in one or more States, may convert, at its option, with the approval of the Comptroller of the Currency, into one or more National banks, each of which may encompass one or more of the branches of the Federal savings association in one or more States; but only if the resulting National bank or banks will meet any and all financial, management, and capital requirements applicable to National banks.''.

TITLE VII—ATM FEE REFORM

SEC. 701. SHORT TITLE.

This title may be cited as the ''ATM Fee Reform Act of 1999''.

SEC. 702. ELECTRONIC FUND TRANSFER FEE DISCLOSURES AT ANY HOST ATM.

Section 904(d) of the Electronic Fund Transfer Act (15 U.S.C. 1693b(d)) is amended by adding at the end the following:

''(3) FEE DISCLOSURES AT AUTOMATED TELLER, MACHINES.—

''(A) IN GENERAL.—The regulations prescribed under paragraph (1) shall require any automated teller machine operator who imposes a fee on any consumer for providing host transfer services to such consumer to provide notice in accordance with subparagraph (B) to the consumer (at the time the service is provided) of—

''(i) the fact that a fee is imposed by such operator for providing the service; and

''(ii) the amount of any such fee.

''(B) NOTICE REQUIREMENTS.—

''(i) ON THE MACHINE.—The notice required under clause (i) of subparagraph (A) with respect to any fee described in such subparagraph shall be posted in a prominent and conspicuous location on or at the automated teller machine at which the electronic fund transfer is initiated by the consumer; and

''(ii) ON THE SCREEN.—The notice required under clauses (i) and (ii) of subparagraph (A) with respect to any fee described in such subparagraph shall appear on the screen of the automated teller machine, or on a paper notice issued from such machine, after the transaction is initiated and before the consumer is irrevocably committed to completing the transaction.

''(C) PROHIBITION ON FEES NOT PROPERLY DISCLOSED AND EXPLICITLY ASSUMED BY CONSUMER.—No fee may be imposed by any automated teller machine operator in connection with any electronic fund transfer initiated by a consumer for which a notice is required under subparagraph (A), unless—

''(i) the consumer receives such notice in accordance with subparagraph (B); and

''(ii) the consumer elects to continue in the manner necessary to effect the transaction after receiving such notice.

''(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

''(i) ELECTRONIC FUND TRANSFER.—The term 'electronic fund transfer' includes a transaction which involves a balance inquiry initiated by a consumer in the same manner as an electronic fund transfer, whether or not the consumer initiates a transfer of funds in the course of the transaction.

''(ii) AUTOMATED TELLER MACHINE OPERATOR.—The term 'automated teller machine operator' means any person who—

''(I) operates an automated teller machine at which consumers initiate electronic fund transfers; and

''(II) is not the financial institution which holds the account of such consumer from which the transfer is made.

''(iii) HOST TRANSFER SERVICES.—The term 'host transfer services' means any electronic fund transfer made by an automated teller machine operator in connection with a transaction initiated by a consumer at an automated teller machine operated by such operator.''.

SEC. 703. DISCLOSURE OF POSSIBLE FEES TO CONSUMERS WHEN ATM CARD IS ISSUED.

Section 905(a) of the Electronic Fund Transfer Act (15 U.S.C. 1693c(a)) is amended—

(1) by striking ''and'' at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting ''; and''; and

(3) by inserting after paragraph (9) the following:

''(10) a notice to the consumer that a fee may be imposed by—

''(A) an automated teller machine operator (as defined in section 904(d)(3)(D)(ii)) if the consumer initiates a transfer from an automated teller machine which is not operated by the person issuing the card or other means of access; and

''(B) any national, regional, or local network utilized to effect the transaction.''.

SEC. 704. FEASIBILITY STUDY.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the feasibility of requiring, in connection with any electronic and transfer initiated by a consumer through the use of an automated teller machine—

(1) a notice to be provided to the consumer before the consumer is irrevocably committed to completing the transaction, which clearly states the amount of any fee which will be imposed upon the consummation of the transaction by—

(A) any automated teller machine operator (as defined in section 904(d)(2)(D)(ii) of the Electronic Fund Transfer Act) involved in the transaction;

(B) the financial institution holding the account of the consumer;

(C) any national, regional, or local network utilized to effect the transaction; and

(D) any other party involved in the transfer; and

(2) the consumer to elect to consummate the transaction after receiving the notice described in paragraph (1).

(b) FACTORS TO BE CONSIDERED.—In conducting the study required under subsection (a) with regard to the notice requirement described in such subsection, the Comptroller General shall consider the following factors:

(1) The availability of appropriate technology.

(2) Implementation and operating costs.

(3) The competitive impact any such notice requirement would have on various sizes and types of institutions, if implemented.

(4) The period of time which would be reasonable for implementing any such notice requirement.

(5) The extent to which consumers would benefit from any such notice requirement.

(6) Any other factor the Comptroller General determines to be appropriate in analyzing the feasibility of imposing any such notice requirement.

(c) REPORT TO CONGRESS.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress containing—

(1) the findings and conclusions of the Comptroller General in connection with the study required under subsection (a); and

(2) the recommendation of the Comptroller General with regard to the question of whether a notice requirement described in subsection (a) should be implemented and, if so, how such requirement should be implemented.

SEC. 705. NO LIABILITY IF POSTED NOTICES ARE DAMAGED.

Section 910 of the Electronic Fund Transfer Act (15 U.S.C. 1693h) is amended by adding at the end the following new subsection:

''(d) EXCEPTION FOR DAMAGED NOTICES.—If the notice required to be posted pursuant to section 904(d)(3)(B)(i) by an automated teller machine operator has been posted by such operator in compliance with such section and the notice is subsequently removed, damaged, or altered by any person other than the operator of the automated teller machine, the operator shall have no liability under this section for failure to comply with section 904(d)(3)(B)(i).''.

MOTION OFFERED BY MR. LEACH

Mr. LEACH. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LEACH of Iowa moves to strike out all after the enacting clause of Senate bill, S. 900, and to insert in lieu thereof the provisions contained in H.R. 10 as passed by the House, as follows:

SECTION 1. SHORT TITLE; PURPOSES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Services Act of 1999''.

(b) PURPOSES.—The purposes of this Act are as follows:

(1) To enhance competition in the financial services industry, in order to foster innovation and efficiency.

(2) To ensure the continued safety and soundness of depository institutions.

(3) To provide necessary and appropriate protections for investors and ensure fair and honest markets in the delivery of financial services.

(4) To avoid duplicative, potentially conflicting, and overly burdensome regulatory requirements through the creation of a regulatory framework for financial holding companies that respects the divergent requirements of each of the component businesses of the holding company, and that is based upon principles of strong functional regulation and enhanced regulatory coordination.

(5) To reduce and, to the maximum extent practicable, to eliminate the legal barriers preventing affiliation among depository institutions, securities firms, insurance companies, and other financial service providers and to provide a prudential framework for achieving that result.

(6) To enhance the availability of financial services to citizens of all economic circumstances and in all geographic areas.

(7) To enhance the competitiveness of United States financial service providers internationally.

(8) To ensure compliance by depository institutions with the provisions of the Community Reinvestment Act of 1977 and enhance the ability of depository institutions to meet the capital and credit needs of all citizens and communities, including underserved communities and populations.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; purposes; table of contents.

TITLE I—FACILITATING AFFILIATION AMONG SECURITIES FIRMS, INSURANCE COMPANIES, AND DEPOSITORY INSTITUTIONS

Subtitle A—Affiliations

Sec. 101. Glass-Steagall Act reformed.
Sec. 102. Activity restrictions applicable to bank holding companies which are not financial holding companies.
Sec. 103. Financial holding companies.
Sec. 104. Operation of State law.
Sec. 105. Mutual bank holding companies authorized.
Sec. 105A. Public meetings for large bank acquisitions and mergers.
Sec. 106. Prohibition on deposit production offices.
Sec. 107. Clarification of branch closure requirements.
Sec. 108. Amendments relating to limited purpose banks.
Sec. 109. GAO study of economic impact on community banks, other small financial institutions, insurance agents, and consumers.
Sec. 110. Responsiveness to community needs for financial services.
Sec. 110A. Study of financial modernization's affect on the accessibility of small business and farm loans.

Subtitle B—Streamlining Supervision of Financial Holding Companies

Sec. 111. Streamlining financial holding company supervision.
Sec. 112. Elimination of application requirement for financial holding companies.
Sec. 113. Authority of State insurance regulator and Securities and Exchange Commission.
Sec. 114. Prudential safeguards.
Sec. 115. Examination of investment companies.
Sec. 116. Limitation on rulemaking, prudential, supervisory, and enforcement authority of the Board.
Sec. 117. Equivalent regulation and supervision.
Sec. 118. Prohibition on FDIC assistance to affiliates and subsidiaries.
Sec. 119. Repeal of savings bank provisions in the Bank Holding Company Act of 1956.
Sec. 120. Technical amendment.

Subtitle C—Subsidiaries of National Banks

Sec. 121. Permissible activities for subsidiaries of national banks.
Sec. 122. Safety and soundness firewalls between banks and their financial subsidiaries.
Sec. 123. Misrepresentations regarding depository institution liability for obligations of affiliates.
Sec. 124. Repeal of stock loan limit in Federal Reserve Act.

Subtitle D—Wholesale Financial Holding Companies; Wholesale Financial Institutions

CHAPTER 1—WHOLESALE FINANCIAL HOLDING COMPANIES

Sec. 131. Wholesale financial holding companies established.
Sec. 132. Authorization to release reports.
Sec. 133. Conforming amendments.

CHAPTER 2—WHOLESALE FINANCIAL INSTITUTIONS

Sec. 136. Wholesale financial institutions.

Subtitle E—Preservation of FTC Authority

Sec. 141. Amendment to the Bank Holding Company Act of 1956 to modify notification and post-approval waiting period for section 3 transactions.
Sec. 142. Interagency data sharing.
Sec. 143. Clarification of status of subsidiaries and affiliates.
Sec. 144. Annual GAO report.

Subtitle F—National Treatment

Sec. 151. Foreign banks that are financial holding companies.
Sec. 152. Foreign banks and foreign financial institutions that are wholesale financial institutions.
Sec. 153. Representative offices.
Sec. 154. Reciprocity.

Subtitle G—Federal Home Loan Bank System Modernization

Sec. 161. Short title.

Sec. 162. Definitions.
Sec. 163. Savings association membership.
Sec. 164. Advances to members; collateral.
Sec. 165. Eligibility criteria.
Sec. 166. Management of banks.
Sec. 167. Resolution Funding Corporation.
Sec. 168. Capital structure of Federal home loan banks.

Subtitle H—ATM Fee Reform

Sec. 171. Short title.
Sec. 172. Electronic fund transfer fee disclosures at any host ATM.
Sec. 173. Disclosure of possible fees to consumers when ATM card is issued.
Sec. 174. Feasibility study.
Sec. 175. No liability if posted notices are damaged.

Subtitle I—Direct Activities of Banks

Sec. 181. Authority of national banks to underwrite certain municipal bonds.

Subtitle J—Deposit Insurance Funds

Sec. 186. Study of safety and soundness of funds.
Sec. 187. Elimination of SAIF and DIF special reserves.

Subtitle K—Miscellaneous Provisions

Sec. 191. Termination of ''know your customer'' regulations.
Sec. 192. Study and report on Federal electronic fund transfers.
Sec. 193. General Accounting Office study of conflicts of interest.
Sec. 194. Study of cost of all Federal banking regulations.
Sec. 195. Study and report on adapting existing legislative requirements to online banking and lending.
Sec. 196. Regulation of uninsured State member banks.
Sec. 197. Clarification of source of strength doctrine.
Sec. 198. Interest rates and other charges at interstate branches.
Sec. 198A. Interstate branches and agencies of foreign banks.
Sec. 198B. Fair treatment of women by financial advisers.

Subtitle L—Effective Date of Title

Sec. 199. Effective date.

TITLE II—FUNCTIONAL REGULATION

Subtitle A—Brokers and Dealers

Sec. 201. Definition of broker.
Sec. 202. Definition of dealer.
Sec. 203. Registration for sales of private securities offerings.
Sec. 204. Information sharing.
Sec. 205. Treatment of new hybrid products.
Sec. 206. Definition of excepted banking product.
Sec. 207. Additional definitions.
Sec. 208. Government securities defined.
Sec. 209. Effective date.
Sec. 210. Rule of construction.

Subtitle B—Bank Investment Company Activities

Sec. 211. Custody of investment company assets by affiliated bank.
Sec. 212. Lending to an affiliated investment company.
Sec. 213. Independent directors.
Sec. 214. Additional SEC disclosure authority.
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TITLE I—FACILITATING AFFILIATION AMONG SECURITIES FIRMS, INSURANCE COMPANIES, AND DEPOSITORY INSTITUTIONS

Subtitle A—Affiliations

SEC. 101. GLASS-STEAGALL ACT REFORMED.

(a) SECTION 20 REPEALED.—Section 20 of the Banking Act of 1933 (12 U.S.C. 377) (commonly referred to as the ''Glass-Steagall Act'') is repealed.

(b) SECTION 32 REPEALED.—Section 32 of the Banking Act of 1933 (12 U.S.C. 78) is repealed.

SEC. 102. ACTIVITY RESTRICTIONS APPLICABLE TO BANK HOLDING COMPANIES WHICH ARE NOT FINANCIAL HOLDING COMPANIES.

(a) IN GENERAL.—Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended to read as follows:

''(8) shares of any company the activities of which had been determined by the Board by regulation or order under this paragraph as of the day before the date of the enactment of the Financial Services Act of 1999, to be so closely related to banking as to be a proper incident thereto (subject to such terms and conditions contained in such regulation or order, unless modified by the Board);''.

(b) CONFORMING CHANGES TO OTHER STATUTES.—

(1) AMENDMENT TO THE BANK HOLDING COMPANY ACT AMENDMENTS OF 1970.—Section 105 of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1850) is amended by

striking '', to engage directly or indirectly in a nonbanking activity pursuant to section 4 of such Act,''.

(2) AMENDMENT TO THE BANK SERVICE COMPANY ACT.—Section 4(f) of the Bank Service Company Act (12 U.S.C. 1864(f)) is amended by striking the period and adding at the end the following: ''as of the day before the date of the enactment of the Financial Services Act of 1999.''.

SEC. 103. FINANCIAL HOLDING COMPANIES.

(a) IN GENERAL.—The Bank Holding Company Act of 1956 is amended by inserting after section 5 (12 U.S.C. 1844) the following new section:

''SEC. 6. FINANCIAL HOLDING COMPANIES.

''(a) FINANCIAL HOLDING COMPANY DEFINED.—For purposes of this section, the term 'financial holding company' means a bank holding company which meets the requirements of subsection (b).

''(b) ELIGIBILITY REQUIREMENTS FOR FINANCIAL HOLDING COMPANIES.—

''(1) IN GENERAL.—No bank holding company may engage in any activity or directly or indirectly acquire or retain shares of any company under this section unless the bank holding company meets the following requirements:

''(A) All of the subsidiary depository institutions of the bank holding company are well capitalized.

''(B) All of the subsidiary depository institutions of the bank holding company are well managed.

''(C) All of the subsidiary depository institutions of the bank holding company have achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such institution.

''(D) The company has filed with the Board a declaration that the company elects to be a financial holding company and certifying that the company meets the requirements of subparagraphs (A), (B), and (C).

''(2) FOREIGN BANKS AND COMPANIES.—For purposes of paragraph (1), the Board shall establish and apply comparable capital and other operating standards to a foreign bank that operates a branch or agency or owns or controls a bank or commercial lending company in the United States, and any company that owns or controls such foreign bank, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(3) LIMITED EXCLUSIONS FROM COMMUNITY NEEDS REQUIREMENTS FOR NEWLY ACQUIRED DEPOSITORY INSTITUTIONS.—Any depository institution acquired by a bank holding company during the 12-month period preceding the submission of a notice under paragraph (1)(D) and any depository institution acquired after the submission of such notice may be excluded for purposes of paragraph (1)(C) during the 12-month period beginning on the date of such acquisition if—

''(A) the bank holding company has submitted an affirmative plan to the appropriate Federal banking agency to take such action as may be necessary in order for such institution to achieve a rating of 'satisfactory record of meeting community credit needs', or better, at the next examination of the institution; and

''(B) the plan has been accepted by such agency.

''(c) ENGAGING IN ACTIVITIES THAT ARE FINANCIAL IN NATURE.—

''(1) FINANCIAL ACTIVITIES.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a financial holding company may engage in any activity, and acquire and retain the shares of any company engaged in any activity, that the Board has determined (by regulation or order and in accordance with subparagraph (B)) to be—

''(i) financial in nature or incidental to such financial activities; or

''(ii) complementary to activities authorized under this subsection to the extent that the amount of such complementary activities remains small.

''(B) COORDINATION BETWEEN THE BOARD AND THE SECRETARY OF THE TREASURY.—

''(i) PROPOSALS RAISED BEFORE THE BOARD.—

''(I) CONSULTATION.—The Board shall notify the Secretary of the Treasury of, and consult with the Secretary of the Treasury concerning, any request, proposal, or application under this subsection, including a regulation or order proposed under paragraph (4), for a determination of whether an activity is financial in nature or incidental to such a financial activity.

''(II) TREASURY VIEW.—The Board shall not determine that any activity is financial in nature or incidental to a financial activity under this subsection if the Secretary of the Treasury notifies the Board in writing, not later than 30 days after the date of receipt of the notice described in subclause (I) (or such longer period as the Board determines to be appropriate in light of the circumstances) that the Secretary of the Treasury believes that the activity is not financial in nature or incidental to a financial activity.

''(ii) PROPOSALS RAISED BY THE TREASURY.—

''(I) TREASURY RECOMMENDATION.—The Secretary of the Treasury may, at any time, recommend in writing that the Board find an activity to be financial in nature or incidental to a financial activity.

''(II) TIME PERIOD FOR BOARD ACTION.—Not later than 30 days after the date of receipt of a written recommendation from the Secretary of the Treasury under subclause (I) (or such longer period as the Secretary of the Treasury and the Board determine to be appropriate in light of the circumstances), the Board shall determine whether to initiate a public rulemaking proposing that the subject recommended activity be found to be financial in nature or incidental to a financial activity under this subsection, and shall notify the Secretary of the Treasury in writing of the determination of the Board and, in the event that the Board determines not to seek public comment on the proposal, the reasons for that determination.

''(2) FACTORS TO BE CONSIDERED.—In determining whether an activity is financial in nature or incidental to financial activities, the Board shall take into account—

''(A) the purposes of this Act and the Financial Services Act of 1999;

''(B) changes or reasonably expected changes in the marketplace in which bank holding companies compete;

''(C) changes or reasonably expected changes in the technology for delivering financial services; and

''(D) whether such activity is necessary or appropriate to allow a bank holding company and the affiliates of a bank holding company to—

''(i) compete effectively with any company seeking to provide financial services in the United States;

''(ii) use any available or emerging technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions, in providing financial services; and

''(iii) offer customers any available or emerging technological means for using financial services.

''(3) ACTIVITIES THAT ARE FINANCIAL IN NATURE.—The following activities shall be considered to be financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding money or securities.

''(B) Insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death, or providing and issuing annuities, and acting as principal, agent, or broker for purposes of the foregoing.

''(C) Providing financial, investment, or economic advisory services, including advising an investment company (as defined in section 3 of the Investment Company Act of 1940).

''(D) Issuing or selling instruments representing interests in pools of assets permissible for a bank to hold directly.

''(E) Underwriting, dealing in, or making a market in securities.

''(F) Engaging in any activity that the Board has determined, by order or regulation that is in effect on the date of the enactment of the Financial Services Act of 1999, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto (subject to the same terms and conditions contained in such order or regulation, unless modified by the Board).

''(G) Engaging, in the United States, in any activity that—

''(i) a bank holding company may engage in outside the United States; and

''(ii) the Board has determined, under regulations issued pursuant to section 4(c)(13) of this Act (as in effect on the day before the date of the enactment of the Financial Services Act of 1999) to be usual in connection with the transaction of banking or other financial operations abroad.

''(H) Directly or indirectly acquiring or controlling, whether as principal, on behalf of one or more entities (including entities, other than a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including without limitation debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by an affiliate of the bank holding company that is a registered broker or dealer that is engaged in securities underwriting activities, or an affiliate of such broker or dealer, as part of a bona fide underwriting or investment banking activity, including investment activities engaged in for the purpose of appreciation and ultimate resale or disposition of the investment;

''(iii) such shares, assets, or ownership interests are held only for such a period of time as will permit the sale or disposition thereof on a reasonable basis consistent with the nature of the activities described in clause (ii); and

''(iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not actively participate in the day to day management or operation of such company or entity, except insofar as necessary to achieve the objectives of clause (ii).

''(I) Directly or indirectly acquiring or controlling, whether as principal, on behalf of one or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including without limitation debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution or a subsidiary of a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by an insurance company that is predominantly engaged in underwriting life, accident and health, or property and casualty insurance (other than credit-related insurance) or providing and issuing annuities;

''(iii) such shares, assets, or ownership interests represent an investment made in the ordinary course of business of such insurance company in accordance with relevant State law governing such investments; and

''(iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not directly or indirectly participate in the day-to-day management or operation of the company or entity except insofar as necessary to achieve the objectives of clauses (ii) and (iii).

''(4) AUTHORIZATION OF NEW FINANCIAL ACTIVITIES.—The Board shall, by regulation or order and in accordance with paragraph (1)(B), define, consistent with the purposes of this Act, the following activities as, and the extent to which such activities are, financial in nature or incidental to activities which are financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities.

''(B) Providing any device or other instrumentality for transferring money or other financial assets.

''(C) Arranging, effecting, or facilitating financial transactions for the account of third parties.

''(5) POST-CONSUMMATION NOTIFICATION.—

''(A) IN GENERAL.—A financial holding company that acquires any company, or commences any activity, pursuant to this subsection shall provide written notice to the Board describing the activity commenced or conducted by the company acquired no later than 30 calendar days after commencing the activity or consummating the acquisition.

''(B) APPROVAL NOT REQUIRED FOR CERTAIN FINANCIAL ACTIVITIES.—Except as provided in section 4(j) with regard to the acquisition of a savings association or in paragraph (6) of this subsection, a financial holding company may commence any activity, or acquire any company, pursuant to paragraph (3) or any regulation prescribed or order issued under paragraph (4), without prior approval of the Board.

''(6) NOTICE REQUIRED FOR LARGE COMBINATIONS.—

''(A) IN GENERAL.—No financial holding company shall directly or indirectly acquire, and no company that becomes a financial holding company shall directly or indirectly acquire control of, any company in the United States, including through merger, consolidation, or other type of business combination, that—

''(i) is engaged in activities permitted under this subsection or subsection (g); and

''(ii) has consolidated total assets in excess of $40,000,000,000,

unless such holding company has provided notice to the Board, not later than 60 days prior to such proposed acquisition or prior to becoming a financial holding company, and during that time period, or such longer time period not exceeding an additional 60 days, as established by the Board, the Board has not issued a notice disapproving the proposed acquisition or retention.

''(B) FACTORS FOR CONSIDERATION.—In reviewing any prior notice filed under this paragraph, the Board shall take into consideration—

''(i) whether the company is in compliance with all applicable criteria set forth in subsection (b) and the provisions of subsection (d);

''(ii) whether the proposed combination represents an undue aggregation of resources;

''(iii) whether the proposed combination poses a risk to the deposit insurance system;

''(iv) whether the proposed combination poses a risk to State insurance guaranty funds;

''(v) whether the proposed combination can reasonably be expected to be in the best interests of depositors or policyholders of the respective entities;

''(vi) whether the proposed transaction can reasonably be expected to further the purposes of this Act and produce benefits to the public; and

''(vii) whether, and the extent to which, the proposed combination poses an undue risk to the stability of the financial system in the United States.

''(C) REQUIRED INFORMATION.—The Board may disapprove any prior notice filed under this paragraph if the company submitting such notice neglects, fails, or refuses to furnish to the Board all relevant information required by the Board.

''(D) SOLICITATION OF VIEWS OF OTHER SUPERVISORY AGENCIES.—

''(i) IN GENERAL.—Upon receiving a prior notice under this paragraph, in order to provide for the submission of their views and recommendations, the Board shall give notice of the proposal to—

''(I) the appropriate Federal banking agency of any bank involved;

''(II) the appropriate functional regulator of any functionally regulated nondepository institution (as defined in section 5(c)(1)(C)) involved; and

''(III) the Secretary of the Treasury, the Attorney General, and the Federal Trade Commission.

''(ii) TIMING.—The views and recommendations of any agency provided notice under this paragraph shall be submitted to the Board not later than 30 calendar days after the date on which notice to the agency was given, unless the Board determines that another shorter time period is appropriate.

''(d) PROVISIONS APPLICABLE TO FINANCIAL HOLDING COMPANIES THAT FAIL TO MEET REQUIREMENTS.—

''(1) IN GENERAL.—If the Board finds, after notice from or consultation with the appropriate Federal banking agency, that a financial holding company is not in compliance with the requirements of subparagraph (A), (B), or (C) of subsection (b)(1), the Board shall give notice of such finding to the company.

''(2) AGREEMENT TO CORRECT CONDITIONS REQUIRED.—Within 45 days of receipt by a financial holding company of a notice given under paragraph (1) (or such additional period as the Board may permit), the company shall execute an agreement acceptable to the Board to comply with the requirements applicable to a financial holding company.

''(3) AUTHORITY TO IMPOSE LIMITATIONS.—Until the conditions described in a notice to a financial holding company under paragraph (1) are corrected—

''(A) the Board may impose such limitations on the conduct or activities of the company or any affiliate of the company as the Board determines to be appropriate under the circumstances; and

''(B) the appropriate Federal banking agency may impose such limitations on the conduct or activities of an affiliated depository institution or subsidiary of a depository institution as the appropriate Federal banking agency determines to be appropriate under the circumstances.

''(4) FAILURE TO CORRECT.—If, after receiving a notice under paragraph (1), a financial holding company does not—

''(A) execute and implement an agreement in accordance with paragraph (2);

''(B) comply with any limitations imposed under paragraph (3);

''(C) in the case of a notice of failure to comply with subsection (b)(1)(A), restore each depository institution subsidiary to well capitalized status before the end of the 180-day period beginning on the date such notice is received by the company (or such other period permitted by the Board); or

''(D) in the case of a notice of failure to comply with subparagraph (B) or (C) of subsection (b)(1), restore compliance with any such subparagraph by the date the next examination of the depository institution subsidiary is completed or by the end of such other period as the Board determines to be appropriate,

the Board may require such company, under such terms and conditions as may be imposed by the Board and subject to such extension of time as may be granted in the Board's discretion, to divest control of any depository institution subsidiary or, at the election of the financial holding company, instead to cease to engage in any activity conducted by such company or its subsidiaries pursuant to this section.

''(5) CONSULTATION.—In taking any action under this subsection, the Board shall consult with all relevant Federal and State regulatory agencies.

''(e) SAFEGUARDS FOR BANK SUBSIDIARIES.—A financial holding company shall assure that—

''(1) the procedures of the holding company for identifying and managing financial and operational risks within the company, and the subsidiaries of such company, adequately protect the subsidiaries of such company which are insured depository institutions or wholesale financial institution from such risks;

''(2) the holding company has reasonable policies and procedures to preserve the separate corporate identity and limited liability of such company and the subsidiaries of such company, for the protection of the company's subsidiary insured depository institutions and wholesale financial institutions; and

''(3) the holding company complies with this section.

''(f) AUTHORITY TO RETAIN LIMITED NONFINANCIAL ACTIVITIES AND AFFILIATIONS.—

''(1) IN GENERAL.—Notwithstanding section 4(a), a company that is not a bank holding company or a foreign bank (as defined in section 1(b)(7) of the International Banking Act

of 1978) and becomes a financial holding company after the date of the enactment of the Financial Services Act of 1999 may continue to engage in any activity and retain direct or indirect ownership or control of shares of a company engaged in any activity if—

''(A) the holding company lawfully was engaged in the activity or held the shares of such company on September 30, 1997;

''(B) the holding company is predominantly engaged in financial activities as defined in paragraph (2); and

''(C) the company engaged in such activity continues to engage only in the same activities that such company conducted on September 30, 1997, and other activities permissible under this Act.

''(2) PREDOMINANTLY FINANCIAL.—For purposes of this subsection, a company is predominantly engaged in financial activities if the annual gross revenues derived by the holding company and all subsidiaries of the holding company (excluding revenues derived from subsidiary depository institutions), on a consolidated basis, from engaging in activities that are financial in nature or are incidental to activities that are financial in nature under subsection (c) represent at least 85 percent of the consolidated annual gross revenues of the company.

''(3) NO EXPANSION OF GRANDFATHERED COMMERCIAL ACTIVITIES THROUGH MERGER OR CONSOLIDATION.—A financial holding company that engages in activities or holds shares pursuant to this subsection, or a subsidiary of such financial holding company, may not acquire, in any merger, consolidation, or other type of business combination, assets of any other company which is engaged in any activity which the Board has not determined to be financial in nature or incidental to activities that are financial in nature under subsection (c), except this paragraph shall not apply with respect to a company that owns a broadcasting station licensed under title III of the Communications Act of 1934 and the shares of which have been controlled by an insurance company since January 1, 1998.

''(4) CONTINUING REVENUE LIMITATION ON GRANDFATHERED COMMERCIAL ACTIVITIES.—Notwithstanding any other provision of this subsection, a financial holding company may continue to engage in activities or hold shares in companies pursuant to this subsection only to the extent that the aggregate annual gross revenues derived from all such activities and all such companies does not exceed 15 percent of the consolidated annual gross revenues of the financial holding company (excluding revenues derived from subsidiary depository institutions).

''(5) CROSS MARKETING RESTRICTIONS APPLICABLE TO COMMERCIAL ACTIVITIES.—A depository institution controlled by a financial holding company shall not—

''(A) offer or market, directly or through any arrangement, any product or service of a company whose activities are conducted or whose shares are owned or controlled by the financial holding company pursuant to this subsection or subparagraph (H) or (I) of subsection (c)(3); or

''(B) permit any of its products or services to be offered or marketed, directly or through any arrangement, by or through any company described in subparagraph (A).

''(6) TRANSACTIONS WITH NONFINANCIAL AFFILIATES.—A depository institution controlled by a financial holding company may not engage in a covered transaction (as defined by section 23A(b)(7) of the Federal Reserve Act) with any affiliate controlled by the company pursuant to section 10(c), this subsection, or subparagraph (H) or (I) of subsection (c)(3).

''(7) SUNSET OF GRANDFATHER.—A financial holding company engaged in any activity, or retaining direct or indirect ownership or control of shares of a company, pursuant to this subsection, shall terminate such activity and divest ownership or control of the shares of such company before the end of the 10-year period beginning on the date of the enactment of the Financial Services Act of 1999. The Board may, upon application by a financial holding company, extend such 10-year period by a period not to exceed an additional 5 years if such extension would not be detrimental to the public interest.

''(g) DEVELOPING ACTIVITIES.—A financial holding company may engage directly or indirectly, or acquire shares of any company engaged, in any activity that the Board has not determined to be financial in nature or incidental to financial activities under subsection (c) if—

''(1) the holding company reasonably concludes that the activity is financial in nature or incidental to financial activities;

''(2) the gross revenues from all activities conducted under this subsection represent less than 5 percent of the consolidated gross revenues of the holding company;

''(3) the aggregate total assets of all companies the shares of which are held under this subsection do not exceed 5 percent of the holding company's consolidated total assets;

''(4) the total capital invested in activities conducted under this subsection represents less than 5 percent of the consolidated total capital of the holding company;

''(5) neither the Board nor the Secretary of the Treasury has determined that the activity is not financial in nature or incidental to financial activities under subsection (c);

''(6) the holding company is not required to provide prior written notice of the transaction to the Board under subsection (c)(6); and

''(7) the holding company provides written notification to the Board describing the activity commenced or conducted by the company acquired no later than 10 business days after commencing the activity or consummating the acquisition.''.

(b) FACTORS FOR CONSIDERATION IN REVIEWING APPLICATION BY FINANCIAL HOLDING COMPANY TO ACQUIRE BANK.—Section 3(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(c)) is amended by adding at the end the following new paragraph:

''(6) 'TOO BIG TO FAIL' FACTOR.—In considering an acquisition, merger, or consolidation under this section involving a financial holding company or a company that would be any such holding company upon the consummation of the transaction, the Board shall consider whether, and the extent to which, the proposed acquisition, merger, or consolidation poses an undue risk to the stability of the financial system of the United States.''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841) is amended by adding at the end the following new subsection:

''(p) INSURANCE COMPANY.—For purposes of sections 5, 6, and 10, the term 'insurance company' includes any person engaged in the business of insurance to the extent of such activities.''.

(2) Section 4(j) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(j)) is amended—

(A) in paragraph (1)(A), by inserting ''or in any complementary activity under section 6(c)(1)(B)'' after ''subsection (c)(8) or (a)(2)''; and

(B) in paragraph (3)—

(i) by inserting '', other than any complementary activity under section 6(c)(1)(B),'' after ''to engage in any activity''; and

(ii) by inserting ''or a company engaged in any complementary activity under section 6(c)(1)(B)'' after ''insured depository institution''.

(d) REPORT.—

(1) IN GENERAL.—By the end of the 4-year period beginning on the date of the enactment of this Act and every 4 years thereafter, the Board of Governors of the Federal Reserve System and the Secretary of the Treasury shall submit a joint report to the Congress containing a summary of new activities which are financial in nature, including grandfathered commercial activities, in which any financial holding company is engaged pursuant to subsection (c)(1) or (f) of section 6 of the Bank Holding Company Act of 1956 (as added by subsection (a)).

(2) OTHER CONTENTS.—Each report submitted to the Congress pursuant to paragraph (1) shall also contain the following:

(A) A discussion of actions by the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, whether by regulation, order, interpretation, or guideline or by approval or disapproval of an application, with regard to activities of financial holding companies which are incidental to activities financial in nature or complementary to such financial activities.

(B) An analysis and discussion of the risks posed by commercial activities of financial holding companies to the safety and soundness of affiliate depository institutions.

(C) An analysis and discussion of the effect of mergers and acquisitions under section 6 of the Bank Holding Company Act of 1956 on market concentration in the financial services industry.

(D) An analysis and discussion, by the Board and the Secretary in consultation with the other Federal banking agencies (as defined in section 3(z) of the Federal Deposit Insurance Act), of the impact of the implementation of this Act, and the amendments made by this Act, on the extent of meeting community credit needs and capital availability under the Community Reinvestment Act of 1977.

SEC. 104. OPERATION OF STATE LAW.

(a) AFFILIATIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), no State may, by statute, regulation, order, interpretation, or other action, prevent or restrict an insured depository institution or wholesale financial institution, or a subsidiary or affiliate thereof, from being affiliated directly or indirectly or associated with any person or entity, as authorized or permitted by this Act or any other provision of Federal law.

(2) INSURANCE.—With respect to affiliations between insured depository institutions or wholesale financial institutions, or any subsidiary or affiliate thereof, and persons or entities engaged in the business of insurance, paragraph (1) does not prohibit—

(A) any State from requiring any person or entity that proposes to acquire control of an entity that is engaged in the business of insurance and domiciled in that State (hereafter in this subparagraph referred to as the ''insurer'') to furnish to the insurance regulatory authority of that State, not later than 60 days before the effective date of the proposed acquisition—

(i) the name and address of each person by whom, or on whose behalf, the affiliation referred to in this subparagraph is to be effected (hereafter in this subparagraph referred to as the ''acquiring party'');

(ii) if the acquiring party is an individual, his or her principal occupation and all offices and positions held during the 5 years preceding the date of notification, and any conviction of crimes other than minor traffic violations during the 10 years preceding the date of notification;

(iii) if the acquiring party is not an individual—

(I) a report of the nature of its business operations during the 5 years preceding the date of notification, or for such shorter period as such person and any predecessors thereof shall have been in existence;

(II) an informative description of the business intended to be done by the acquiring party and any subsidiary thereof; and

(III) a list of all individuals who are, or who have been selected to become, directors or executive officers of the acquiring party or who perform, or will perform, functions appropriate to such positions, including, for each such individual, the information required by clause (ii);

(iv) the source, nature, and amount of the consideration used, or to be used, in effecting the merger or other acquisition of control, a description of any transaction wherein funds were, or are to be, obtained for any such purpose, and the identity of persons furnishing such consideration, except that, if a source of such consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential if the person filing such statement so requests;

(v) fully audited financial information as to the earnings and financial condition of each acquiring party for the 5 fiscal years preceding the date of notification of each such acquiring party, or for such lesser period as such acquiring party and any predecessors thereof shall have been in existence, and similar unaudited information as of a date not earlier than 90 days before the date of notification, except that, in the case of an acquiring party that is an insurer actively engaged in the business of insurance, the financial statements of such insurer need not be audited, but such audit may be required if the need therefor is determined by the insurance regulatory authority of the State;

(vi) any plans or proposals that each acquiring party may have to liquidate such insurer, to sell its assets, or to merge or consolidate it with any person or to make any other material change in its business or corporate structure or management;

(vii) the number of shares of any security of the insurer that each acquiring party proposes to acquire, the terms of any offer, request, invitation, agreement, or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at;

(viii) the amount of each class of any security of the insurer that is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party;

(ix) a full description of any contracts, arrangements, or understandings with respect to any security of the insurer in which any acquiring party is involved, including transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, and identification of the persons with whom such contracts, arrangements, or understandings have been entered into;

(x) a description of the purchase of any security of the insurer during the 12-month period preceding the date of notification by any acquiring party, including the dates of purchase, names of the purchasers, and consideration paid, or agreed to be paid, therefor;

(xi) a description of any recommendations to purchase any security of the insurer made during the 12-month period preceding the date of notification by any acquiring party or by any person based upon interviews or at the suggestion of such acquiring party;

(xii) copies of all tender offers for, requests or invitations for tenders of, exchange offers for and agreements to acquire or exchange any securities of the insurer and, if distributed, of additional soliciting material relating thereto; and

(xiii) the terms of any agreement, contract, or understanding made with any broker-dealer as to solicitation of securities of the insurer for tender and the amount of any fees, commissions, or other compensation to be paid to broker-dealers with regard thereto;

(B) in the case of a person engaged in the business of insurance which is the subject of an acquisition or change or continuation in control, the State of domicile of such person from reviewing or taking action (including approval or disapproval) with regard to the acquisition or change or continuation in control, as long as the State reviews and actions—

(i) are completed by the end of the 60-day period beginning on the later of the date the State received notice of the proposed action or the date the State received the information required under State law regarding such acquisition or change or continuation in control;

(ii) do not have the effect of discriminating, intentionally or unintentionally, against an insured depository institution or affiliate thereof or against any other person based upon affiliation with an insured depository institution; and

(iii) are based on standards or requirements relating to solvency or managerial fitness;

(C) any State from requiring an entity that is acquiring control of an entity that is engaged in the business of insurance and domiciled in that State to maintain or restore the capital requirements of that insurance entity to the level required under the capital regulations of general applicability in that State to avoid the requirement of preparing and filing with the insurance regulatory authority of that State a plan to increase the capital of the entity, except that any determination by the State insurance regulatory authority with respect to such requirement shall be made not later than 60 days after the date of notification under subparagraph (A);

(D) any State from taking actions with respect to the receivership or conservatorship of any insurance company;

(E) any State from restricting a change in the ownership of stock in an insurance company, or a company formed for the purpose of controlling such insurance company, for a period of not more than 3 years beginning on the date of the conversion of such company from mutual to stock form; or

(F) any State from requiring an organization which has been eligible at any time since January 1, 1987, to claim the special deduction provided by section 833 of the Internal Revenue Code of 1986 to meet certain conditions in order to undergo, as determined by the State, a reorganization, recapitalization, conversion, merger, consolidation, sale or other disposition of substantial operating assets, demutualization, dissolution, or to undertake other similar actions and which is governed under a State statute enacted on May 22, 1998, relating to hospital, medical, and dental service corporation conversions.

(3) PRESERVATION OF STATE ANTITRUST AND GENERAL CORPORATE LAWS.—

(A) IN GENERAL.—Subject to subsection (c) and the nondiscrimination provisions contained in such subsection, no provision in paragraph (1) shall be construed as affecting State laws, regulations, orders, interpretations, or other actions of general applicability relating to the governance of corporations, partnerships, limited liability companies or other business associations incorporated or formed under the laws of that State or domiciled in that State, or the applicability of the antitrust laws of any State or any State law that is similar to the antitrust laws.

(B) DEFINITION.—The term ''antitrust laws'' has the same meaning as in subsection (a) of the first section of the Clayton Act, and includes section 5 of the Federal Trade Commission Act to the extent that such section 5 relates to unfair methods of competition.

(b) ACTIVITIES.—

(1) IN GENERAL.—Except as provided in paragraph (3), and except with respect to insurance sales, solicitation, and cross marketing activities, which shall be governed by paragraph (2), no State may, by statute, regulation, order, interpretation, or other action, prevent or restrict an insured depository institution, wholesale financial institution, or subsidiary or affiliate thereof from engaging directly or indirectly, either by itself or in conjunction with a subsidiary, affiliate, or any other entity or person, in any activity authorized or permitted under this Act.

(2) INSURANCE SALES.—

(A) IN GENERAL.—In accordance with the legal standards for preemption set forth in the decision of the Supreme Court of the United States in Barnett Bank of Marion County N.A. v. Nelson, 517 U.S. 25 (1996), no State may, by statute, regulation, order, interpretation, or other action, prevent or significantly interfere with the ability of an insured depository institution or wholesale financial institution, or a subsidiary or affiliate thereof, to engage, directly or indirectly, either by itself or in conjunction with a subsidiary, affiliate, or any other party, in any insurance sales, solicitation, or cross-marketing activity.

(B) CERTAIN STATE LAWS PRESERVED.—Notwithstanding subparagraph (A), a State may impose any of the following restrictions, or restrictions which are substantially the same as but no more burdensome or restrictive than those in each of the following clauses:

(i) Restrictions prohibiting the rejection of an insurance policy by an insured depository institution, wholesale financial institution, or any subsidiary or affiliate thereof, solely because the policy has been issued or underwritten by any person who is not associated with such insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, when such insurance is required in connection with a loan or extension of credit.

(ii) Restrictions prohibiting a requirement for any debtor, insurer, or insurance agent or broker to pay a separate charge in connection with the handling of insurance that is

required in connection with a loan or other extension of credit or the provision of another traditional banking product by an insured depository institution, wholesale financial institution, or any subsidiary or affiliate thereof, unless such charge would be required when the insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, is the licensed insurance agent or broker providing the insurance.

(iii) Restrictions prohibiting the use of any advertisement or other insurance promotional material by an insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, that would cause a reasonable person to believe mistakenly that—

(I) a State or the Federal Government is responsible for the insurance sales activities of, or stands behind the credit of, the institution, affiliate, or subsidiary; or

(II) a State, or the Federal Government guarantees any returns on insurance products, or is a source of payment on any insurance obligation of or sold by the institution, affiliate, or subsidiary;

(iv) Restrictions prohibiting the payment or receipt of any commission or brokerage fee or other valuable consideration for services as an insurance agent or broker to or by any person, unless such person holds a valid State license regarding the applicable class of insurance at the time at which the services are performed, except that, in this clause, the term ''services as an insurance agent or broker'' does not include a referral by an unlicensed person of a customer or potential customer to a licensed insurance agent or broker that does not include a discussion of specific insurance policy terms and conditions.

(v) Restrictions prohibiting any compensation paid to or received by any individual who is not licensed to sell insurance, for the referral of a customer that seeks to purchase, or seeks an opinion or advice on, any insurance product to a person that sells or provides opinions or advice on such product, based on the purchase of insurance by the customer.

(vi) Restrictions prohibiting the release of the insurance information of a customer (defined as information concerning the premiums, terms, and conditions of insurance coverage, including expiration dates and rates, and insurance claims of a customer contained in the records of the insured depository institution or wholesale financial institution, or a subsidiary or affiliate thereof) to any person or entity other than an officer, director, employee, agent, subsidiary, or affiliate of an insured depository institution or a wholesale financial institution, for the purpose of soliciting or selling insurance, without the express consent of the customer, other than a provision that prohibits—

(I) a transfer of insurance information to an unaffiliated insurance company, agent, or broker in connection with transferring insurance in force on existing insureds of the insured depository institution or wholesale financial institution, or subsidiary or affiliate thereof, or in connection with a merger with or acquisition of an unaffiliated insurance company, agent, or broker; or

(II) the release of information as otherwise authorized by State or Federal law.

(vii) Restrictions prohibiting the use of health information obtained from the insurance records of a customer for any purpose, other than for its activities as a licensed agent or broker, without the express consent of the customer.

(viii) Restrictions prohibiting the extension of credit or any product or service that is equivalent to an extension of credit, lease or sale of property of any kind, or furnishing of any services or fixing or varying the consideration for any of the foregoing, on the condition or requirement that the customer obtain insurance from an insured depository institution, wholesale financial institution, a subsidiary or affiliate thereof, or a particular insurer, agent, or broker, other than a prohibition that would prevent any insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof—

(I) from engaging in any activity described in this clause that would not violate section 106 of the Bank Holding Company Act Amendments of 1970, as interpreted by the Board of Governors of the Federal Reserve System; or

(II) from informing a customer or prospective customer that insurance is required in order to obtain a loan or credit, that loan or credit approval is contingent upon the procurement by the customer of acceptable insurance, or that insurance is available from the insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof.

(ix) Restrictions requiring, when an application by a consumer for a loan or other extension of credit from an insured depository institution or wholesale financial institution is pending, and insurance is offered or sold to the consumer or is required in connection with the loan or extension of credit by the insured depository institution or wholesale financial institution or any affiliate or subsidiary thereof, that a written disclosure be provided to the consumer or prospective customer indicating that his or her choice of an insurance provider will not affect the credit decision or credit terms in any way, except that the insured depository institution or wholesale financial institution may impose reasonable requirements concerning the creditworthiness of the insurance provider and scope of coverage chosen.

(x) Restrictions requiring clear and conspicuous disclosure, in writing, where practicable, to the customer prior to the sale of any insurance policy that such policy—

(I) is not a deposit;

(II) is not insured by the Federal Deposit Insurance Corporation;

(III) is not guaranteed by the insured depository institution or wholesale financial institution or, if appropriate, its subsidiaries or affiliates or any person soliciting the purchase of or selling insurance on the premises thereof; and

(IV) where appropriate, involves investment risk, including potential loss of principal.

(xi) Restrictions requiring that, when a customer obtains insurance (other than credit insurance or flood insurance) and credit from an insured depository institution or wholesale financial institution, or its subsidiaries or affiliates, or any person soliciting the purchase of or selling insurance on the premises thereof, the credit and insurance transactions be completed through separate documents.

(xii) Restrictions prohibiting, when a customer obtains insurance (other than credit insurance or flood insurance) and credit from an insured depository institution or wholesale financial institution or its subsidiaries or affiliates, or any person soliciting the purchase of or selling insurance on the premises thereof, inclusion of the expense of insurance premiums in the primary credit transaction without the express written consent of the customer.

(xiii) Restrictions requiring maintenance of separate and distinct books and records relating to insurance transactions, including all files relating to and reflecting consumer complaints, and requiring that such insurance books and records be made available to the appropriate State insurance regulator for inspection upon reasonable notice.

(C) LIMITATIONS.—

(i) OCC DEFERENCE.—Section 306(e) does not apply with respect to any State statute, regulation, order, interpretation, or other action regarding insurance sales, solicitation, or cross marketing activities described in subparagraph (A) that was issued, adopted, or enacted before September 3, 1998, and that is not described in subparagraph (B).

(ii) NONDISCRIMINATION.—Subsection (c) does not apply with respect to any State statute, regulation, order, interpretation, or other action regarding insurance sales, solicitation, or cross marketing activities described in subparagraph (A) that was issued, adopted, or enacted before September 3, 1998, and that is not described in subparagraph (B).

(iii) CONSTRUCTION.—Nothing in this paragraph shall be construed to limit the applicability of the decision of the Supreme Court in Barnett Bank of Marion County N.A. v. Nelson, 116 S. Ct. 1103 (1996) with respect to a State statute, regulation, order, interpretation, or other action that is not described in subparagraph (B).

(iv) LIMITATION ON INFERENCES.—Nothing in this paragraph shall be construed to create any inference with respect to any State statute, regulation, order, interpretation, or other action that is not referred to or described in this paragraph.

(3) INSURANCE ACTIVITIES OTHER THAN SALES.—State statutes, regulations, interpretations, orders, and other actions shall not be preempted under subsection (b)(1) to the extent that they—

(A) relate to, or are issued, adopted, or enacted for the purpose of regulating the business of insurance in accordance with the Act of March 9, 1945 (commonly known as the ''McCarran-Ferguson Act'');

(B) apply only to persons or entities that are not insured depository institutions or wholesale financial institutions, but that are directly engaged in the business of insurance (except that they may apply to depository institutions engaged in providing savings bank life insurance as principal to the extent of regulating such insurance);

(C) do not relate to or directly or indirectly regulate insurance sales, solicitations, or cross-marketing activities; and

(D) are not prohibited under subsection (c).

(4) FINANCIAL ACTIVITIES OTHER THAN INSURANCE.—No State statute, regulation, interpretation, order, or other action shall be preempted under subsection (b)(1) to the extent that—

(A) it does not relate to, and is not issued and adopted, or enacted for the purpose of regulating, directly or indirectly, insurance sales, solicitations, or cross marketing activities covered under paragraph (2);

(B) it does not relate to, and is not issued and adopted, or enacted for the purpose of regulating, directly or indirectly, the business of insurance activities other than sales, solicitations, or cross marketing activities, covered under paragraph (3);

(C) it does not relate to securities investigations or enforcement actions referred to in subsection (d); and

(D) it—

(i) does not distinguish by its terms between insured depository institutions, wholesale financial institutions, and subsidiaries and affiliates thereof engaged in the activity at issue and other persons or entities engaged in the same activity in a manner that is in any way adverse with respect to the conduct of the activity by any such insured depository institution, wholesale financial institution, or subsidiary or affiliate thereof engaged in the activity at issue;

(ii) as interpreted or applied, does not have, and will not have, an impact on depository institutions, wholesale financial institutions, or subsidiaries or affiliates thereof engaged in the activity at issue, or any person or entity affiliated therewith, that is substantially more adverse than its impact on other persons or entities engaged in the same activity that are not insured depository institutions, wholesale financial institutions, or subsidiaries or affiliates thereof, or persons or entities affiliated therewith;

(iii) does not effectively prevent a depository institution, wholesale financial institution, or subsidiary or affiliate thereof from engaging in activities authorized or permitted by this Act or any other provision of Federal law; and

(iv) does not conflict with the intent of this Act generally to permit affiliations that are authorized or permitted by Federal law.

(c) NONDISCRIMINATION.—Except as provided in any restrictions described in subsection (b)(2)(B), no State may, by statute, regulation, order, interpretation, or other action, regulate the insurance activities authorized or permitted under this Act or any other provision of Federal law of an insured depository institution or wholesale financial institution, or subsidiary or affiliate thereof, to the extent that such statute, regulation, order, interpretation, or other action—

(1) distinguishes by its terms between insured depository institutions or wholesale financial institutions, or subsidiaries or affiliates thereof, and other persons or entities engaged in such activities, in a manner that is in any way adverse to any such insured depository institution or wholesale financial institution, or subsidiary or affiliate thereof;

(2) as interpreted or applied, has or will have an impact on depository institutions or wholesale financial institutions, or subsidiaries or affiliates thereof, that is substantially more adverse than its impact on other persons or entities providing the same products or services or engaged in the same activities that are not insured depository institutions, wholesale financial institutions, or subsidiaries or affiliates thereof, or persons or entities affiliated therewith;

(3) effectively prevents a depository institution or wholesale financial institution, or subsidiary or affiliate thereof, from engaging in insurance activities authorized or permitted by this Act or any other provision of Federal law; or

(4) conflicts with the intent of this Act generally to permit affiliations that are authorized or permitted by Federal law between insured depository institutions or wholesale financial institutions, or subsidiaries or affiliates thereof, and persons and entities engaged in the business of insurance.

(d) LIMITATION.—Subsections (a) and (b) shall not be construed to affect the jurisdiction of the securities commission (or any agency or office performing like functions) of any State, under the laws of such State—

(1) to investigate and bring enforcement actions, consistent with section 18(c) of the Securities Act of 1933, with respect to fraud or deceit or unlawful conduct by any person, in connection with securities or securities transactions; or

(2) to require the registration of securities or the licensure or registration of brokers, dealers, or investment advisers (consistent with section 203A of the Investment Advisers Act of 1940), or the associated persons of a broker, dealer, or investment adviser (consistent with such section 203A).

(e) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) INSURED DEPOSITORY INSTITUTION.—The term ''insured depository institution'' includes any foreign bank that maintains a branch, agency, or commercial lending company in the United States.

(2) STATE.—The term ''State'' means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

SEC. 105. MUTUAL BANK HOLDING COMPANIES AUTHORIZED.

Section 3(g)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(g)(2)) is amended to read as follows:

''(2) REGULATIONS.—A bank holding company organized as a mutual holding company shall be regulated on terms, and shall be subject to limitations, comparable to those applicable to any other bank holding company.''.

SEC. 105A. PUBLIC MEETINGS FOR LARGE BANK ACQUISITIONS AND MERGERS.

(a) BANK HOLDING COMPANY ACT OF 1956.—Section 3(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(c)(2)) is amended—

(1) by striking ''FACTORS.—In every case'' and inserting ''FACTORS.—

''(A) IN GENERAL.—In every case''; and

(2) by adding at the end the following new subparagraph:

''(B) PUBLIC MEETINGS.—In each case involving one or more insured depository institutions each of which has total assets of $1,000,000,000 or more, the Board shall, as necessary and on a timely basis, conduct public meetings in one or more areas where the Board believes, in the sole discretion of the Board, there will be a substantial public impact.''.

(b) FEDERAL DEPOSIT INSURANCE ACT.—Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) is amended by adding at the end the following new paragraph:

''(12) PUBLIC MEETINGS.—In each merger transaction involving one or more insured depository institutions each of which has total assets of $1,000,000,000 or more, the responsible agency shall, as necessary and on a timely basis, conduct public meetings in one or more areas where the agency believes, in the sole discretion of the agency, there will be a substantial public impact.''.

(c) NATIONAL BANK CONSOLIDATION AND MERGER ACT.—The National Bank Consolidation and Merger Act (12 U.S.C. 215 et seq.) is amended by adding at the end the following new section:

''SEC. 6. PUBLIC MEETINGS FOR LARGE BANK CONSOLIDATIONS AND MERGERS.

''In each case of a consolidation or merger under this Act involving one or more banks each of which has total assets of $1,000,000,000 or more, the Comptroller shall, as necessary and on a timely basis, conduct public meetings in one or more areas where the Comptroller believes, in the sole discretion of the Comptroller, there will be a substantial public impact.''.

(d) HOME OWNERS' LOAN ACT.—Section 10(e) of the Home Owners' Loan Act (12 U.S.C. 1463) is amended by adding at the end the following new paragraph:

''(7) PUBLIC MEETINGS FOR LARGE DEPOSITORY INSTITUTION ACQUISITIONS AND MERGERS.—In each case involving one or more insured depository institutions each of which has total assets of $1,000,000,000 or more, the Director shall, as necessary and on a timely basis, conduct public meetings in one or more areas where the Director believes, in the sole discretion of the Director, there will be a substantial public impact.''.

SEC. 106. PROHIBITION ON DEPOSIT PRODUCTION OFFICES.

(a) IN GENERAL.—Section 109(d) of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. 1835a(d)) is amended—

(1) by inserting '', the Financial Services Act of 1999,'' after ''pursuant to this title''; and

(2) by inserting ''or such Act'' after ''made by this title''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 109(e)(4) of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. 1835a(e)(4)) is amended by inserting ''and any branch of a bank controlled by an out-of-State bank holding company (as defined in section 2(o)(7) of the Bank Holding Company Act of 1956)'' before the period.

SEC. 107. CLARIFICATION OF BRANCH CLOSURE REQUIREMENTS.

Section 42(d)(4)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1831r–1(d)(4)(A)) is amended by inserting ''and any bank controlled by an out-of-State bank holding company (as defined in section 2(o)(7) of the Bank Holding Company Act of 1956)'' before the period.

SEC. 108. AMENDMENTS RELATING TO LIMITED PURPOSE BANKS.

(a) IN GENERAL.—Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended—

(1) in paragraph (2)(A)(ii)—

(A) by striking ''and'' at the end of subclause (IX);

(B) by inserting ''and'' after the semicolon at the end of subclause (X); and

(C) by inserting after subclause (X) the following new subclause:

''(XI) assets that are derived from, or are incidental to, consumer lending activities in which institutions described in subparagraph (F) or (H) of section 2(c)(2) are permitted to engage,'';

(2) in paragraph (2), by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) any bank subsidiary of such company engages in any activity in which the bank was not lawfully engaged as of March 5, 1987, unless the bank is well managed and well capitalized;

''(C) any bank subsidiary of such company both—

''(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties; and

''(ii) engages in the business of making commercial loans (and, for purposes of this clause, loans made in the ordinary course of a credit card operation shall not be treated as commercial loans); or

''(D) after the date of the enactment of the Competitive Equality Amendments of 1987, any bank subsidiary of such company permits any overdraft (including any intraday overdraft), or incurs any such overdraft in such bank's account at a Federal Reserve bank, on behalf of an affiliate, other than an overdraft described in paragraph (3).''; and

(3) by striking paragraphs (3) and (4) and inserting the following new paragraphs:

''(3) PERMISSIBLE OVERDRAFTS DESCRIBED.—For purposes of paragraph (2)(D), an overdraft is described in this paragraph if—

''(A) such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the bank and the affiliate;

''(B) such overdraft—

''(i) is permitted or incurred on behalf of an affiliate which is monitored by, reports to, and is recognized as a primary dealer by the Federal Reserve Bank of New York; and

''(ii) is fully secured, as required by the Board, by bonds, notes, or other obligations which are direct obligations of the United States or on which the principal and interest are fully guaranteed by the United States or by securities and obligations eligible for settlement on the Federal Reserve book entry system; or

''(C) such overdraft—

''(i) is incurred on behalf of an affiliate solely in connection with an activity that is so closely related to banking, or managing or controlling banks, as to be a proper incident thereto, to the extent the bank incurring the overdraft and the affiliate on whose behalf the overdraft is incurred each document that the overdraft is incurred for such purpose; and

''(ii) does not cause the bank to violate any provision of section 23A or 23B of the Federal Reserve Act, either directly, in the case of a member bank, or by virtue of section 18(j) of the Federal Deposit Insurance Act, in the case of a nonmember bank.

''(4) DIVESTITURE IN CASE OF LOSS OF EXEMPTION.—If any company described in paragraph (1) fails to qualify for the exemption provided under such paragraph by operation of paragraph (2), such exemption shall cease to apply to such company and such company shall divest control of each bank it controls before the end of the 180-day period beginning on the date that the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless before the end of such 180-day period, the company has—

''(A) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; and

''(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.

The issuance of any notice under this paragraph that relates to the activities of a bank shall not be construed as affecting the authority of the bank to continue to engage in such activities until the expiration of such 180-day period.''.

(b) INDUSTRIAL LOAN COMPANIES AFFILIATE OVERDRAFTS.—Section 2(c)(2)(H) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)(H)) is amended by inserting before the period at the end '', or that is otherwise permissible for a bank controlled by a company described in section 4(f)(1)''.

SEC. 109. GAO STUDY OF ECONOMIC IMPACT ON COMMUNITY BANKS, OTHER SMALL FINANCIAL INSTITUTIONS, INSURANCE AGENTS, AND CONSUMERS.

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study of the projected economic impact and the actual economic impact that the enactment of this Act will have on financial institutions, including community banks, registered brokers and dealers and insurance companies, which have total assets of $100,000,000 or less, insurance agents, and consumers.

(b) REPORTS TO THE CONGRESS.—

(1) IN GENERAL.—The Comptroller General of the United States shall submit reports to the Congress, at the times required under paragraph (2), containing the findings and conclusions of the Comptroller General with regard to the study required under subsection (a) and such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.

(2) TIMING OF REPORTS.—The Comptroller General shall submit—

(A) an interim report before the end of the 6-month period beginning after the date of the enactment of this Act;

(B) another interim report before the end of the next 6-month period; and

(C) a final report before the end of the 1-year period after such second 6-month period,''.

SEC. 110. RESPONSIVENESS TO COMMUNITY NEEDS FOR FINANCIAL SERVICES.

(a) STUDY.—The Secretary of the Treasury, in consultation with the Federal banking agencies (as defined in section 3(z) of the Federal Deposit Insurance Act), shall conduct a study of the extent to which adequate services are being provided as intended by the Community Reinvestment Act of 1977, including services in low- and moderate-income neighborhoods and for persons of modest means, as a result of the enactment of this Act.

(b) REPORT.—Before the end of the 2-year period beginning on the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Federal banking agencies, shall submit a report to the Congress on the study conducted pursuant to subsection (a) and shall include such recommendations as the Secretary determines to be appropriate for administrative and legislative action with respect to institutions covered under the Community Reinvestment Act of 1977.

SEC. 110A. STUDY OF FINANCIAL MODERNIZATION'S AFFECT ON THE ACCESSIBILITY OF SMALL BUSINESS AND FARM LOANS.

(a) STUDY.—The Secretary of the Treasury, in consultation with the Federal banking agencies (as defined in Section 3(z) of the Federal Deposit Insurance Act), shall conduct a study of the extent to which credit is being provided to and for small business and farms, as a result of this Act.

(b) REPORT.—Before the end of the 5-year period beginning on the date of the enactment of this Act, the Secretary, in consultation with the Federal banking agencies, shall submit a report to the Congress on the study conducted pursuant to subsection (a) and shall include such recommendations as the Secretary determines to be appropriate for administrative and legislative action.

Subtitle B—Streamlining Supervision of Financial Holding Companies

SEC. 111. STREAMLINING FINANCIAL HOLDING COMPANY SUPERVISION.

Section 5(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)) is amended to read as follows:

''(c) REPORTS AND EXAMINATIONS.—

''(1) REPORTS.—

''(A) IN GENERAL.—The Board from time to time may require any bank holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) its financial condition, systems for monitoring and controlling financial and operating risks, and transactions with depository institution subsidiaries of the holding company; and

''(ii) compliance by the company or subsidiary with applicable provisions of this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Board shall, to the fullest extent possible, accept reports in fulfillment of the Board's reporting requirements under this paragraph that a bank holding company or any subsidiary of such company has provided or been required to provide to other Federal and State supervisors or to appropriate self-regulatory organizations.

''(ii) AVAILABILITY.—A bank holding company or a subsidiary of such company shall provide to the Board, at the request of the Board, a report referred to in clause (i).

''(iii) REQUIRED USE OF PUBLICLY REPORTED INFORMATION.—The Board shall, to the fullest extent possible, accept in fulfillment of any reporting or recordkeeping requirements under this Act information that is otherwise required to be reported publicly and externally audited financial statements.

''(iv) REPORTS FILED WITH OTHER AGENCIES.—In the event the Board requires a report from a functionally regulated nondepository institution subsidiary of a bank holding company of a kind that is not required by another Federal or State regulator or appropriate self-regulatory organization, the Board shall request that the appropriate regulator or self-regulatory organization obtain such report. If the report is not made available to the Board, and the report is necessary to assess a material risk to the bank holding company or any of its subsidiary depository institutions or compliance with this Act, the Board may require such subsidiary to provide such a report to the Board.

''(C) DEFINITION.—For purposes of this subsection, the term 'functionally regulated nondepository institution' means—

''(i) a broker or dealer registered under the Securities Exchange Act of 1934;

''(ii) an investment adviser registered under the Investment Advisers Act of 1940, or with any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(iii) an insurance company subject to supervision by a State insurance commission, agency, or similar authority; and

''(iv) an entity subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.

''(2) EXAMINATIONS.—

''(A) EXAMINATION AUTHORITY.—

''(i) IN GENERAL.—The Board may make examinations of each bank holding company and each subsidiary of a bank holding company.

''(ii) FUNCTIONALLY REGULATED NONDEPOSITORY INSTITUTION SUBSIDIARIES.—Notwithstanding clause (i), the Board may make examinations of a functionally regulated nondepository institution subsidiary of a bank holding company only if—

''(I) the Board has reasonable cause to believe that such subsidiary is engaged in activities that pose a material risk to an affiliated depository institution; or

''(II) based on reports and other available information, the Board has reasonable cause to believe that a subsidiary is not in compliance with this Act or with provisions relating to transactions with an affiliated depository institution and the Board cannot make such determination through examination of the affiliated depository institution or bank holding company.

''(B) LIMITATIONS ON EXAMINATION AUTHORITY FOR BANK HOLDING COMPANIES AND SUBSIDIARIES.—Subject to subparagraph (A)(ii), the Board may make examinations under subparagraph (A)(i) of each bank holding company and each subsidiary of such holding company in order to—

''(i) inform the Board of the nature of the operations and financial condition of the holding company and such subsidiaries;

''(ii) inform the Board of—

''(I) the financial and operational risks within the holding company system that may pose a threat to the safety and soundness of any subsidiary depository institution of such holding company; and

''(II) the systems for monitoring and controlling such risks; and

''(iii) monitor compliance with the provisions of this Act and those governing transactions and relationships between any subsidiary depository institution and its affiliates.

''(C) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a bank holding company to—

''(i) the bank holding company; and

''(ii) any subsidiary of the holding company that, because of—

''(I) the size, condition, or activities of the subsidiary; or

''(II) the nature or size of transactions between such subsidiary and any depository institution which is also a subsidiary of such holding company,

could have a materially adverse effect on the safety and soundness of any depository institution affiliate of the holding company.

''(D) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, use, for the purposes of this paragraph, the reports of examinations of depository institutions made by the appropriate Federal and State depository institution supervisory authority.

''(E) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, address the circumstances which might otherwise permit or require an examination by the Board by forgoing an examination and instead reviewing the reports of examination made of—

''(i) any registered broker or dealer by or on behalf of the Securities and Exchange Commission;

''(ii) any investment adviser registered by or on behalf of either the Securities and Exchange Commission or any State, whichever is required by law;

''(iii) any licensed insurance company by or on behalf of any State regulatory authority responsible for the supervision of insurance companies; and

''(iv) any other subsidiary that the Board finds to be comprehensively supervised by a Federal or State authority.

''(3) CAPITAL.—

''(A) IN GENERAL.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, guidelines, standards, or requirements on any subsidiary of a financial holding company that is not a depository institution and—

''(i) is in compliance with applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority;

''(ii) is registered as an investment adviser under the Investment Advisers Act of 1940, or with any State, whichever is required by law; or

''(iii) is licensed as an insurance agent with the appropriate State insurance authority.

''(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to—

''(i) activities of a registered investment adviser other than investment advisory activities or activities incidental to investment advisory activities; or

''(ii) activities of a licensed insurance agent other than insurance agency activities or activities incidental to insurance agency activities.

''(C) LIMITATIONS ON INDIRECT ACTION.—In developing, establishing, or assessing holding company capital or capital adequacy rules, guidelines, standards, or requirements for purposes of this paragraph, the Board shall not take into account the activities, operations, or investments of an affiliated investment company registered under the Investment Company Act of 1940, unless the investment company is—

''(i) a bank holding company; or

''(ii) controlled by a bank holding company by reason of ownership by the bank holding company (including through all of its affiliates) of 25 percent or more of the shares of the investment company, and the shares owned by the bank holding company have a market value equal to more than $1,000,000.

''(4) TRANSFER OF BOARD AUTHORITY TO APPROPRIATE FEDERAL BANKING AGENCY.—

''(A) IN GENERAL.—In the case of any bank holding company which is not significantly engaged in nonbanking activities, the Board, in consultation with the appropriate Federal banking agency, may designate the appropriate Federal banking agency of the lead insured depository institution subsidiary of such holding company as the appropriate Federal banking agency for the bank holding company.

''(B) AUTHORITY TRANSFERRED.—An agency designated by the Board under subparagraph (A) shall have the same authority as the Board under this Act to—

''(i) examine and require reports from the bank holding company and any affiliate of such company (other than a depository institution) under section 5;

''(ii) approve or disapprove applications or transactions under section 3;

''(iii) take actions and impose penalties under subsections (e) and (f) of section 5 and section 8; and

''(iv) take actions regarding the holding company, any affiliate of the holding company (other than a depository institution), or any institution-affiliated party of such company or affiliate under the Federal Deposit Insurance Act and any other statute which the Board may designate.

''(C) AGENCY ORDERS.—Section 9 of this Act and section 105 of the Bank Holding Company Act Amendments of 1970 shall apply to orders issued by an agency designated under subparagraph (A) in the same manner such sections apply to orders issued by the Board.

''(5) FUNCTIONAL REGULATION OF SECURITIES AND INSURANCE ACTIVITIES.—The Board shall defer to—

''(A) the Securities and Exchange Commission with regard to all interpretations of, and the enforcement of, applicable Federal securities laws (and rules, regulations, orders, and other directives issued thereunder) relating to the activities, conduct, and operations of registered brokers, dealers, investment advisers, and investment companies;

''(B) the relevant State securities authorities with regard to all interpretations of, and the enforcement of, applicable State securities laws (and rules, regulations, orders, and other directives issued thereunder) relating to the activities, conduct, and operations of brokers, dealers, and investment advisers required to be registered under State law; and

''(C) the relevant State insurance authorities with regard to all interpretations of, and the enforcement of, applicable State insurance laws (and rules, regulations, orders, and other directives issued thereunder) relating to the activities, conduct, and operations of insurance companies and insurance agents.''.

SEC. 112. ELIMINATION OF APPLICATION REQUIREMENT FOR FINANCIAL HOLDING COMPANIES.

(a) PREVENTION OF DUPLICATIVE FILINGS.—Section 5(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(a)) is amended by adding the following new sentence at the end: ''A declaration filed in accordance with section 6(b)(1)(D) shall satisfy the requirements of this subsection with regard to the registration of a bank holding company but not any requirement to file an application to acquire a bank pursuant to section 3.''.

(b) DIVESTITURE PROCEDURES.—Section 5(e)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(e)(1)) is amended—

(1) by striking ''Financial Institutions Supervisory Act of 1966, order'' and inserting ''Financial Institutions Supervisory Act of 1966, at the election of the bank holding company—

''(A) order''; and

(2) by striking ''shareholders of the bank holding company. Such distribution'' and inserting ''shareholders of the bank holding company; or

''(B) order the bank holding company, after due notice and opportunity for hearing, and after consultation with the primary supervisor for the bank, which shall be the Comptroller of the Currency in the case of a national bank, and the Federal Deposit Insurance Corporation and the appropriate State supervisor in the case of an insured nonmember bank, to terminate (within 120 days or such longer period as the Board may direct) the ownership or control of any such bank by such company.

The distribution referred to in subparagraph (A)''.

SEC. 113. AUTHORITY OF STATE INSURANCE REGULATOR AND SECURITIES AND EXCHANGE COMMISSION.

(a) BANK HOLDING COMPANIES.—Section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844) is amended by adding at the end the following new subsection:

''(g) AUTHORITY OF STATE INSURANCE REGULATOR AND THE SECURITIES AND EXCHANGE COMMISSION.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, any regulation, order, or other action of the Board which requires a bank holding company to provide funds or other assets to a subsidiary insured depository institution shall not be effective nor enforceable with respect to an entity described in subparagraph (A) if—

''(A) such funds or assets are to be provided by—

''(i) a bank holding company that is an insurance company, a broker or dealer registered under the Securities Exchange Act of 1934, an investment company registered under the Investment Company Act of 1940, or an investment adviser registered by or on behalf of either the Securities and Exchange Commission or any State; or

''(ii) an affiliate of the depository institution which is an insurance company or a broker or dealer registered under the Securities Exchange Act of 1934, an investment

company registered under the Investment Company Act of 1940, or an investment adviser registered by or on behalf of either the Securities and Exchange Commission or any State; and

''(B) the State insurance authority for the insurance company or the Securities and Exchange Commission for the registered broker, dealer, investment adviser (solely with respect to investment advisory activities or activities incidental thereto), or investment company, as the case may be, determines in writing sent to the holding company and the Board that the holding company shall not provide such funds or assets because such action would have a material adverse effect on the financial condition of the insurance company or the broker, dealer, investment company, or investment adviser, as the case may be.

''(2) NOTICE TO STATE INSURANCE AUTHORITY OR SEC REQUIRED.—If the Board requires a bank holding company, or an affiliate of a bank holding company, which is an insurance company or a broker, dealer, investment company, or investment adviser described in paragraph (1)(A) to provide funds or assets to an insured depository institution subsidiary of the holding company pursuant to any regulation, order, or other action of the Board referred to in paragraph (1), the Board shall promptly notify the State insurance authority for the insurance company, the Securities and Exchange Commission, or State securities regulator, as the case may be, of such requirement.

''(3) DIVESTITURE IN LIEU OF OTHER ACTION.—If the Board receives a notice described in paragraph (1)(B) from a State insurance authority or the Securities and Exchange Commission with regard to a bank holding company or affiliate referred to in that paragraph, the Board may order the bank holding company to divest the insured depository institution not later than 180 days after receiving the notice, or such longer period as the Board determines consistent with the safe and sound operation of the insured depository institution.

''(4) CONDITIONS BEFORE DIVESTITURE.—During the period beginning on the date an order to divest is issued by the Board under paragraph (3) to a bank holding company and ending on the date the divestiture is completed, the Board may impose any conditions or restrictions on the holding company's ownership or operation of the insured depository institution, including restricting or prohibiting transactions between the insured depository institution and any affiliate of the institution, as are appropriate under the circumstances.''.

(b) SUBSIDIARIES OF DEPOSITORY INSTITUTIONS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

''SEC. 45. AUTHORITY OF STATE INSURANCE REGULATOR AND SECURITIES AND EXCHANGE COMMISSION.

''(a) IN GENERAL.—Notwithstanding any other provision of law, any regulation, order, or other action of the appropriate Federal banking agency which requires a subsidiary to provide funds or other assets to an insured depository institution shall not be effective nor enforceable with respect to an entity described in paragraph (1) if—

''(1) such funds or assets are to be provided by a subsidiary which is an insurance company, a broker or dealer registered under the Securities Exchange Act of 1934, an investment company registered under the Investment Company Act of 1940, or an investment adviser registered by or on behalf of either the Securities and Exchange Commission or any State; and

''(2) the State insurance authority for the insurance company or the Securities and Exchange Commission for the registered broker or dealer, the investment company, or the investment adviser, as the case may be, determines in writing sent to the insured depository institution and the appropriate Federal banking agency that the subsidiary shall not provide such funds or assets because such action would have a material adverse effect on the financial condition of the insurance company or the broker, dealer, investment company, or investment adviser, as the case may be.

''(b) NOTICE TO STATE INSURANCE AUTHORITY OR SEC REQUIRED.—If the appropriate Federal banking agency requires a subsidiary, which is an insurance company, a broker or dealer, an investment company, or an investment adviser (solely with respect to investment advisory activities or activities incidental thereto) described in subsection (a)(1) to provide funds or assets to an insured depository institution pursuant to any regulation, order, or other action of the appropriate Federal banking agency referred to in subsection (a), the appropriate Federal banking agency shall promptly notify the State insurance authority for the insurance company, the Securities and Exchange Commission, or State securities regulator, as the case may be, of such requirement.

''(c) DIVESTITURE IN LIEU OF OTHER ACTION.—If the appropriate Federal banking agency receives a notice described in subsection (a)(2) from a State insurance authority or the Securities and Exchange Commission with regard to a subsidiary referred to in that subsection, the appropriate Federal banking agency may order the insured depository institution to divest the subsidiary not later than 180 days after receiving the notice, or such longer period as the appropriate Federal banking agency determines consistent with the safe and sound operation of the insured depository institution.

''(d) CONDITIONS BEFORE DIVESTITURE.—During the period beginning on the date an order to divest is issued by the appropriate Federal banking agency under subsection (c) to an insured depository institution and ending on the date the divestiture is complete, the appropriate Federal banking agency may impose any conditions or restrictions on the insured depository institution's ownership of the subsidiary including restricting or prohibiting transactions between the insured depository institution and the subsidiary, as are appropriate under the circumstances.''.

SEC. 114. PRUDENTIAL SAFEGUARDS.

(a) COMPTROLLER OF THE CURRENCY.—

(1) IN GENERAL.—The Comptroller of the Currency may, by regulation or order, impose restrictions or requirements on relationships or transactions between a national bank and a subsidiary of the national bank which the Comptroller finds are consistent with the public interest, the purposes of this Act, title LXII of the Revised Statutes of the United States, and other Federal law applicable to national banks, and the standards in paragraph (2).

(2) STANDARDS.—The Comptroller of the Currency may exercise authority under paragraph (1) if the Comptroller finds that such action will have any of the following effects:

(A) Avoid any significant risk to the safety and soundness of depository institutions or any Federal deposit insurance fund.

(B) Enhance the financial stability of banks.

(C) Avoid conflicts of interest or other abuses.

(D) Enhance the privacy of customers of the national bank or any subsidiary of the bank.

(E) Promote the application of national treatment and equality of competitive opportunity between subsidiaries owned or controlled by domestic banks and subsidiaries owned or controlled by foreign banks operating in the United States.

(3) REVIEW.—The Comptroller of the Currency shall regularly—

(A) review all restrictions or requirements established pursuant to paragraph (1) to determine whether there is a continuing need for any such restriction or requirement to carry out the purposes of the Act, including any purpose described in paragraph (2); and

(B) modify or eliminate any restriction or requirement the Comptroller finds is no longer required for such purposes.

(b) BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.—

(1) IN GENERAL.—The Board of Governors of the Federal Reserve System may, by regulation or order, impose restrictions or requirements on relationships or transactions—

(A) between a depository institution subsidiary of a bank holding company and any affiliate of such depository institution (other than a subsidiary of such institution); or

(B) between a State member bank and a subsidiary of such bank,

which the Board finds are consistent with the public interest, the purposes of this Act, the Bank Holding Company Act of 1956, the Federal Reserve Act, and other Federal law applicable to depository institution subsidiaries of bank holding companies or State banks (as the case may be), and the standards in paragraph (2).

(2) STANDARDS.—The Board of Governors of the Federal Reserve System may exercise authority under paragraph (1) if the Board finds that such action will have any of the following effects:

(A) Avoid any significant risk to the safety and soundness of depository institutions or any Federal deposit insurance fund.

(B) Enhance the financial stability of bank holding companies.

(C) Avoid conflicts of interest or other abuses.

(D) Enhance the privacy of customers of the State member bank or any subsidiary of the bank.

(E) Promote the application of national treatment and equality of competitive opportunity between nonbank affiliates owned or controlled by domestic bank holding companies and nonbank affiliates owned or controlled by foreign banks operating in the United States.

(3) REVIEW.—The Board of Governors of the Federal Reserve System shall regularly—

(A) review all restrictions or requirements established pursuant to paragraph (1) to determine whether there is a continuing need for any such restriction or requirement to carry out the purposes of the Act, including any purpose described in paragraph (2); and

(B) modify or eliminate any restriction or requirement the Board finds is no longer required for such purposes.

(4) FOREIGN BANKS.—

(A) IN GENERAL.—The Board may, by regulation or order, impose restrictions or requirements on relationships or transactions between a branch, agency, or commercial lending company of a foreign bank in the United States and any affiliate in the United States of such foreign bank that the Board finds are consistent with the public interest, the purposes of this Act, the Bank Holding Company Act of 1956, the Federal Reserve

Act, and other Federal law applicable to foreign banks and their affiliates in the United States, and the standards in paragraphs (2) and (3).

(B) EVASION.—In the event that the Board determines that there may be circumstances that would result in an evasion of this paragraph, the Board may also impose restrictions or requirements on relationships or transactions between a foreign bank outside the United States and any affiliate in the United States of such foreign bank that are consistent with national treatment and equality of competitive opportunity.

(c) FEDERAL DEPOSIT INSURANCE CORPORATION.—

(1) IN GENERAL.—The Federal Deposit Insurance Corporation may, by regulation or order, impose restrictions or requirements on relationships or transactions between a State nonmember bank (as defined in section 3 of the Federal Deposit Insurance Act) and a subsidiary of the State nonmember bank which the Corporation finds are consistent with the public interest, the purposes of this Act, the Federal Deposit Insurance Act, or other Federal law applicable to State nonmember banks and the standards in paragraph (2).

(2) STANDARDS.—The Federal Deposit Insurance Corporation may exercise authority under paragraph (1) if the Corporation finds that such action will have any of the following effects:

(A) Avoid any significant risk to the safety and soundness of depository institutions or any Federal deposit insurance fund.

(B) Enhance the financial stability of banks.

(C) Avoid conflicts of interest or other abuses.

(D) Enhance the privacy of customers of the State nonmember bank or any subsidiary of the bank.

(E) Promote the application of national treatment and equality of competitive opportunity between subsidiaries owned or controlled by domestic banks and subsidiaries owned or controlled by foreign banks operating in the United States.

(3) REVIEW.—The Federal Deposit Insurance Corporation shall regularly—

(A) review all restrictions or requirements established pursuant to paragraph (1) to determine whether there is a continuing need for any such restriction or requirement to carry out the purposes of the Act, including any purpose described in paragraph (2); and

(B) modify or eliminate any restriction or requirement the Corporation finds is no longer required for such purposes.

SEC. 115. EXAMINATION OF INVESTMENT COMPANIES.

(a) EXCLUSIVE COMMISSION AUTHORITY.—

(1) IN GENERAL.—Except as provided in paragraph (3), the Commission shall be the sole Federal agency with authority to inspect and examine any registered investment company that is not a bank holding company or a savings and loan holding company.

(2) PROHIBITION ON BANKING AGENCIES.—Except as provided in paragraph (3), a Federal banking agency may not inspect or examine any registered investment company that is not a bank holding company or a savings and loan holding company.

(3) CERTAIN EXAMINATIONS AUTHORIZED.—Nothing in this subsection prevents the Federal Deposit Insurance Corporation, if the Corporation finds it necessary to determine the condition of an insured depository institution for insurance purposes, from examining an affiliate of any insured depository institution, pursuant to its authority under section 10(b)(4) of the Federal Deposit Insurance Act, as may be necessary to disclose fully the relationship between the depository institution and the affiliate, and the effect of such relationship on the depository institution.

(b) EXAMINATION RESULTS AND OTHER INFORMATION.—The Commission shall provide to any Federal banking agency, upon request, the results of any examination, reports, records, or other information with respect to any registered investment company to the extent necessary for the agency to carry out its statutory responsibilities.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) BANK HOLDING COMPANY.—The term ''bank holding company'' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

(2) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(3) FEDERAL BANKING AGENCY.—The term ''Federal banking agency'' has the same meaning as in section 3(z) of the Federal Deposit Insurance Act.

(4) REGISTERED INVESTMENT COMPANY.—The term ''registered investment company'' means an investment company which is registered with the Commission under the Investment Company Act of 1940.

(5) SAVINGS AND LOAN HOLDING COMPANY.—The term ''savings and loan holding company'' has the same meaning as in section 10(a)(1)(D) of the Home Owners' Loan Act.

SEC. 116. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended by inserting after section 10 the following new section:

''SEC. 10A. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

''(a) LIMITATION ON DIRECT ACTION.—

''(1) IN GENERAL.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a regulated subsidiary of a bank holding company unless the action is necessary to prevent or redress an unsafe or unsound practice or breach of fiduciary duty by such subsidiary that poses a material risk to—

''(A) the financial safety, soundness, or stability of an affiliated depository institution; or

''(B) the domestic or international payment system.

''(2) CRITERIA FOR BOARD ACTION.—The Board shall not take action otherwise permitted under paragraph (1) unless the Board finds that it is not reasonably possible to effectively protect against the material risk at issue through action directed at or against the affiliated depository institution or against depository institutions generally.

''(b) LIMITATION ON INDIRECT ACTION.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a financial holding company or a wholesale financial holding company where the purpose or effect of doing so would be to take action indirectly against or with respect to a regulated subsidiary that may not be taken directly against or with respect to such subsidiary in accordance with subsection (a).

''(c) ACTIONS SPECIFICALLY AUTHORIZED.—Notwithstanding subsection (a), the Board may take action under this Act or section 8 of the Federal Deposit Insurance Act to enforce compliance by a regulated subsidiary with Federal law that the Board has specific jurisdiction to enforce against such subsidiary.

''(d) REGULATED SUBSIDIARY DEFINED.—For purposes of this section, the term 'regulated subsidiary' means any company that is not a bank holding company and is—

''(1) a broker or dealer registered under the Securities Exchange Act of 1934;

''(2) an investment adviser registered by or on behalf of either the Securities and Exchange Commission or any State, whichever is required by law, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(3) an investment company registered under the Investment Company Act of 1940;

''(4) an insurance company or an insurance agency, with respect to the insurance activities and activities incidental to such insurance activities, subject to supervision by a State insurance commission, agency, or similar authority; or

''(5) an entity subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.''.

SEC. 117. EQUIVALENT REGULATION AND SUPERVISION.

(a) IN GENERAL.—Notwithstanding any other provision of law, the provisions of—

(1) section 5(c) of the Bank Holding Company Act of 1956 (as amended by this Act) that limit the authority of the Board of Governors of the Federal Reserve System to require reports from, to make examinations of, or to impose capital requirements on bank holding companies and their nonbank subsidiaries or that require deference to other regulators; and

(2) section 10A of the Bank Holding Company Act of 1956 (as added by this Act) that limit whatever authority the Board might otherwise have to take direct or indirect action with respect to bank holding companies and their nonbank subsidiaries,

shall also limit whatever authority that a Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act) might otherwise have under any statute to require reports, make examinations, impose capital requirements or take any other direct or indirect action with respect to bank holding companies and their nonbank subsidiaries (including nonbank subsidiaries of depository institutions), subject to the same standards and requirements as are applicable to the Board under such provisions.

(b) CERTAIN EXAMINATIONS AUTHORIZED.—No provision of this section shall be construed as preventing the Federal Deposit Insurance Corporation, if the Corporation finds it necessary to determine the condition of an insured depository institution for insurance purposes, from examining an affiliate of any insured depository institution, pursuant to its authority under section 10(b)(4) of the Federal Deposit Insurance Act, as may be necessary to disclose fully the relationship between the depository institution and the affiliate, and the effect of such relationship on the depository institution.

SEC. 118. PROHIBITION ON FDIC ASSISTANCE TO AFFILIATES AND SUBSIDIARIES.

Section 11(a)(4)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(4)(B)) is amended by striking ''to benefit any shareholder of'' and inserting ''to benefit any shareholder, affiliate (other than an insured depository institution that receives assistance in accordance with the provisions of this Act), or subsidiary of''.

SEC. 119. REPEAL OF SAVINGS BANK PROVISIONS IN THE BANK HOLDING COMPANY ACT OF 1956.

Section 3(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(f)) is amended to read as follows:

''(f) [Repealed].''.

SEC. 120. TECHNICAL AMENDMENT.

Section 2(o)(1)(A) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(o)(1)(A)) is amended by striking ''section 38(b)'' and inserting ''section 38''.

Subtitle C—Subsidiaries of National Banks

SEC. 121. PERMISSIBLE ACTIVITIES FOR SUBSIDIARIES OF NATIONAL BANKS.

(a) FINANCIAL SUBSIDIARIES OF NATIONAL BANKS.—Chapter 1 of title LXII of the Revised Statutes of United States (12 U.S.C. 21 et seq.) is amended—

(1) by redesignating section 5136A as section 5136C; and

(2) by inserting after section 5136 (12 U.S.C. 24) the following new section:

''SEC. 5136A. SUBSIDIARIES OF NATIONAL BANKS.

''(a) SUBSIDIARIES OF NATIONAL BANKS AUTHORIZED TO ENGAGE IN FINANCIAL ACTIVITIES.—

''(1) EXCLUSIVE AUTHORITY.—No provision of section 5136 or any other provision of this title LXII of the Revised Statutes of the United States shall be construed as authorizing a subsidiary of a national bank to engage in, or own any share of or any other interest in any company engaged in, any activity that—

''(A) is not permissible for a national bank to engage in directly; or

''(B) is conducted under terms or conditions other than those that would govern the conduct of such activity by a national bank, unless a national bank is specifically authorized by the express terms of a Federal statute and not by implication or interpretation to acquire shares of or an interest in, or to control, such subsidiary, such as by paragraph (2) of this subsection and section 25A of the Federal Reserve Act.

''(2) SPECIFIC AUTHORIZATION TO CONDUCT ACTIVITIES WHICH ARE FINANCIAL IN NATURE.—Subject to paragraphs (3) and (4), a national bank may control a financial subsidiary, or hold an interest in a financial subsidiary, that is controlled by insured depository institutions or subsidiaries thereof.

''(3) ELIGIBILITY REQUIREMENTS.—A national bank may control or hold an interest in a company pursuant to paragraph (2) only if—

''(A) the national bank and all depository institution affiliates of the national bank are well capitalized;

''(B) the national bank and all depository institution affiliates of the national bank are well managed;

''(C) the national bank and all depository institution affiliates of such national bank have achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such bank or institution; and

''(D) the bank has received the approval of the Comptroller of the Currency.

''(4) ACTIVITY LIMITATIONS.—In addition to any other limitation imposed on the activity of subsidiaries of national banks, a subsidiary of a national bank may not, pursuant to paragraph (2)—

''(A) engage as principal in insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death (other than in connection with credit-related insurance) or in providing or issuing annuities;

''(B) engage in real estate investment or development activities; or

''(C) engage in any activity permissible for a financial holding company under paragraph (3)(I) of section 6(c) of the Bank Holding Company Act of 1956 (relating to insurance company investments).

''(5) SIZE FACTOR WITH REGARD TO FREE-STANDING NATIONAL BANKS.—Notwithstanding paragraph (2), a national bank which has total assets of $10,000,000,000 or more may not control a subsidiary engaged in financial activities pursuant to such paragraph unless such national bank is a subsidiary of a bank holding company.

''(6) LIMITED EXCLUSIONS FROM COMMUNITY NEEDS REQUIREMENTS FOR NEWLY AFFILIATED DEPOSITORY INSTITUTIONS.—Any depository institution which becomes an affiliate of a national bank during the 12-month period preceding the date of an approval by the Comptroller of the Currency under paragraph (3)(D) for such bank, and any depository institution which becomes an affiliate of the national bank after such date, may be excluded for purposes of paragraph (3)(C) during the 12-month period beginning on the date of such affiliation if—

''(A) the national bank or such depository institution has submitted an affirmative plan to the appropriate Federal banking agency to take such action as may be necessary in order for such institution to achieve a rating of 'satisfactory record of meeting community credit needs', or better, at the next examination of the institution; and

''(B) the plan has been accepted by such agency.

''(7) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(A) COMPANY; CONTROL; AFFILIATE; SUBSIDIARY.—The terms 'company', 'control', 'affiliate', and 'subsidiary' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

''(B) FINANCIAL SUBSIDIARY.—The term 'financial subsidiary' means a company which is a subsidiary of an insured bank and is engaged in financial activities that have been determined to be financial in nature or incidental to such financial activities in accordance with subsection (b) or permitted in accordance with subsection (b)(4), other than activities that are permissible for a national bank to engage in directly or that are authorized under the Bank Service Company Act, section 25 or 25A of the Federal Reserve Act, or any other Federal statute (other than this section) that specifically authorizes the conduct of such activities by its express terms and not by implication or interpretation.

''(C) WELL CAPITALIZED.—The term 'well capitalized' has the same meaning as in section 38 of the Federal Deposit Insurance Act and, for purposes of this section, the Comptroller shall have exclusive jurisdiction to determine whether a national bank is well capitalized.

''(D) WELL MANAGED.—The term 'well managed' means—

''(i) in the case of a depository institution that has been examined, unless otherwise determined in writing by the appropriate Federal banking agency—

''(I) the achievement of a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent examination or subsequent review of the depository institution; and

''(II) at least a rating of 2 for management, if that rating is given; or

''(ii) in the case of any depository institution that has not been examined, the existence and use of managerial resources that the appropriate Federal banking agency determines are satisfactory.

''(E) INCORPORATED DEFINITIONS.—The terms 'appropriate Federal banking agency' and 'depository institution' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

''(b) ACTIVITIES THAT ARE FINANCIAL IN NATURE.—

''(1) FINANCIAL ACTIVITIES.—

''(A) IN GENERAL.—For purposes of subsection (a)(7)(B), an activity shall be considered to have been determined to be financial in nature or incidental to such financial activities only if—

''(i) such activity is permitted for a financial holding company pursuant to section 6(c)(3) of the Bank Holding Company Act of 1956 (to the extent such activity is not otherwise prohibited under this section or any other provision of law for a subsidiary of a national bank engaged in activities pursuant to subsection (a)(2)); or

''(ii) the Secretary of the Treasury determines the activity to be financial in nature or incidental to such financial activities in accordance with subparagraph (B) or paragraph (3).

''(B) COORDINATION BETWEEN THE BOARD AND THE SECRETARY OF THE TREASURY.—

''(i) PROPOSALS RAISED BEFORE THE SECRETARY OF THE TREASURY.—

''(I) CONSULTATION.—The Secretary of the Treasury shall notify the Board of, and consult with the Board concerning, any request, proposal, or application under this subsection, including any regulation or order proposed under paragraph (3), for a determination of whether an activity is financial in nature or incidental to such a financial activity.

''(II) BOARD VIEW.—The Secretary of the Treasury shall not determine that any activity is financial in nature or incidental to a financial activity under this subsection if the Board notifies the Secretary in writing, not later than 30 days after the date of receipt of the notice described in subclause (I) (or such longer period as the Secretary determines to be appropriate in light of the circumstances) that the Board believes that the activity is not financial in nature or incidental to a financial activity.

''(ii) PROPOSALS RAISED BY THE BOARD.—

''(I) BOARD RECOMMENDATION.—The Board may, at any time, recommend in writing that the Secretary of the Treasury find an activity to be financial in nature or incidental to a financial activity (other than an activity which the Board has sole authority to regulate under subparagraph (C)).

''(II) TIME PERIOD FOR SECRETARIAL ACTION.—Not later than 30 days after the date of receipt of a written recommendation from the Board under subclause (I) (or such longer period as the Secretary of the Treasury and the Board determine to be appropriate in light of the circumstances), the Secretary shall determine whether to initiate a public rulemaking proposing that the subject recommended activity be found to be financial in nature or incidental to a financial activity under this subsection, and shall notify

the Board in writing of the determination of the Secretary and, in the event that the Secretary determines not to seek public comment on the proposal, the reasons for that determination.

''(C) AUTHORITY OVER MERCHANT BANKING.—The Board shall have sole authority to prescribe regulations and issue interpretations to implement this paragraph with respect to activities described in section 6(c)(3)(H) of the Bank Holding Company Act of 1956.

''(2) FACTORS TO BE CONSIDERED.—In determining whether an activity is financial in nature or incidental to financial activities, the Secretary shall take into account—

''(A) the purposes of this Act and the Financial Services Act of 1999;

''(B) changes or reasonably expected changes in the marketplace in which banks compete;

''(C) changes or reasonably expected changes in the technology for delivering financial services; and

''(D) whether such activity is necessary or appropriate to allow a bank and the subsidiaries of a bank to—

''(i) compete effectively with any company seeking to provide financial services in the United States;

''(ii) use any available or emerging technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions, in providing financial services; and

''(iii) offer customers any available or emerging technological means for using financial services.

''(3) AUTHORIZATION OF NEW FINANCIAL ACTIVITIES.—The Secretary of the Treasury shall, by regulation or order and in accordance with paragraph (1)(B), define, consistent with the purposes of this Act, the following activities as, and the extent to which such activities are, financial in nature or incidental to activities which are financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities.

''(B) Providing any device or other instrumentality for transferring money or other financial assets.

''(C) Arranging, effecting, or facilitating financial transactions for the account of third parties.

''(4) DEVELOPING ACTIVITIES.—Subject to subsection (a)(2), a financial subsidiary of a national bank may engage directly or indirectly, or acquire shares of any company engaged, in any activity that the Secretary has not determined to be financial in nature or incidental to financial activities under this subsection if—

''(A) the subsidiary reasonably concludes that the activity is financial in nature or incidental to financial activities;

''(B) the gross revenues from all activities conducted under this paragraph represent less than 5 percent of the consolidated gross revenues of the national bank;

''(C) the aggregate total assets of all companies the shares of which are held under this paragraph do not exceed 5 percent of the national bank's consolidated total assets;

''(D) the total capital invested in activities conducted under this paragraph represents less than 5 percent of the consolidated total capital of the national bank;

''(E) neither the Secretary of the Treasury nor the Board has determined that the activity is not financial in nature or incidental to financial activities under this subsection; and

''(F) the national bank provides written notice to the Secretary of the Treasury describing the activity commenced by the subsidiary or conducted by the company acquired no later than 10 business days after commencing the activity or consummating the acquisition.

''(c) PROVISIONS APPLICABLE TO NATIONAL BANKS THAT FAIL TO MEET REQUIREMENTS.—

''(1) IN GENERAL.—If a national bank or depository institution affiliate is not in compliance with the requirements of subparagraph (A), (B), or (C) of subsection (a)(3), the appropriate Federal banking agency shall notify the Comptroller of the Currency, who shall give notice of such finding to the national bank.

''(2) AGREEMENT TO CORRECT CONDITIONS REQUIRED.—Not later than 45 days after receipt by a national bank of a notice given under paragraph (1) (or such additional period as the Comptroller of the Currency may permit), the national bank and any relevant affiliated depository institution shall execute an agreement acceptable to the Comptroller of the Currency and the other appropriate Federal banking agencies, if any, to comply with the requirements applicable under subsection (a)(3).

''(3) COMPTROLLER OF THE CURRENCY MAY IMPOSE LIMITATIONS.—Until the conditions described in a notice to a national bank under paragraph (1) are corrected—

''(A) the Comptroller of the Currency may impose such limitations on the conduct or activities of the national bank or any subsidiary of the bank as the Comptroller of the Currency determines to be appropriate under the circumstances; and

''(B) the appropriate Federal banking agency may impose such limitations on the conduct or activities of an affiliated depository institution or any subsidiary of the depository institution as such agency determines to be appropriate under the circumstances.

''(4) FAILURE TO CORRECT.—If, after receiving a notice under paragraph (1), a national bank and other affiliated depository institutions do not—

''(A) execute and implement an agreement in accordance with paragraph (2);

''(B) comply with any limitations imposed under paragraph (3);

''(C) in the case of a notice of failure to comply with subsection (a)(3)(A), restore the national bank or any depository institution affiliate of the bank to well capitalized status before the end of the 180-day period beginning on the date such notice is received by the national bank (or such other period permitted by the Comptroller of the Currency); or

''(D) in the case of a notice of failure to comply with subparagraph (B) or (C) of subsection (a)(3), restore compliance with any such subparagraph on or before the date on which the next examination of the depository institution subsidiary is completed or by the end of such other period as the Comptroller of the Currency determines to be appropriate,

the Comptroller of the Currency may require such national bank, under such terms and conditions as may be imposed by the Comptroller of the Currency and subject to such extension of time as may be granted in the Comptroller of the Currency's discretion, to divest control of any subsidiary engaged in activities pursuant to subsection (a)(2) or, at the election of the national bank, instead to cease to engage in any activity conducted by a subsidiary of the national bank pursuant to subsection (a)(2).

''(5) CONSULTATION.—In taking any action under this subsection, the Comptroller of the Currency shall consult with all relevant Federal and State regulatory agencies.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 1 of title LXII of the Revised Statutes of the United States is amended—

(1) by redesignating the item relating to section 5136A as section 5136C; and

(2) by inserting after the item relating to section 5136 the following new item:

''5136A. Subsidiaries of national banks.''.

SEC. 122. SAFETY AND SOUNDNESS FIREWALLS BETWEEN BANKS AND THEIR FINANCIAL SUBSIDIARIES.

(a) PURPOSES.—The purposes of this section are—

(1) to protect the safety and soundness of any insured bank that has a financial subsidiary;

(2) to apply to any transaction between the bank and the financial subsidiary (including a loan, extension of credit, guarantee, or purchase of assets), other than an equity investment, the same restrictions and requirements as would apply if the financial subsidiary were a subsidiary of a bank holding company having control of the bank; and

(3) to apply to any equity investment of the bank in the financial subsidiary restrictions and requirements equivalent to those that would apply if—

(A) the bank paid a dividend in the same dollar amount to a bank holding company having control of the bank; and

(B) the bank holding company used the proceeds of the dividend to make an equity investment in a subsidiary that was engaged in the same activities as the financial subsidiary of the bank.

(b) SAFETY AND SOUNDNESS FIREWALLS APPLICABLE TO SUBSIDIARIES OF BANKS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by inserting after section 45 (as added by section 113(b) of this title) the following new section:

''SEC. 46. SAFETY AND SOUNDNESS FIREWALLS APPLICABLE TO SUBSIDIARIES OF BANKS.

''(a) LIMITING THE EQUITY INVESTMENT OF A BANK IN A SUBSIDIARY.—

''(1) CAPITAL DEDUCTION.—In determining whether an insured bank complies with applicable regulatory capital standards—

''(A) the appropriate Federal banking agency shall deduct from the assets and tangible equity of the bank the aggregate amount of the outstanding equity investments of the bank in financial subsidiaries of the bank; and

''(B) the assets and liabilities of such financial subsidiaries shall not be consolidated with those of the bank.

''(2) INVESTMENT LIMITATION.—An insured bank shall not, without the prior approval of the appropriate Federal banking agency, make any equity investment in a financial subsidiary of the bank if that investment would, when made, exceed the amount that the bank could pay as a dividend without obtaining prior regulatory approval.

''(3) TREATMENT OF RETAINED EARNINGS.—The amount of any net earnings retained by a financial subsidiary of an insured depository institution shall be treated as an outstanding equity investment of the bank in the subsidiary for purposes of paragraph (1).

''(b) OPERATIONAL AND FINANCIAL SAFEGUARDS FOR THE BANK.—An insured bank that has a financial subsidiary shall maintain procedures for identifying and managing any financial and operational risks posed by the financial subsidiary.

''(c) MAINTENANCE OF SEPARATE CORPORATE IDENTITY AND SEPARATE LEGAL STATUS.—

''(1) IN GENERAL.—Each insured bank shall ensure that the bank maintains and complies with reasonable policies and procedures to preserve the separate corporate identity and legal status of the bank and any financial subsidiary or affiliate of the bank.

''(2) EXAMINATIONS.—The appropriate Federal banking agency, as part of each examination, shall review whether an insured bank is observing the separate corporate identity and separate legal status of any subsidiaries and affiliates of the bank.

''(d) FINANCIAL SUBSIDIARY DEFINED.—For purposes of this section, the term 'financial subsidiary' has the meaning given to such term in section 5136A(a)(7)(B) of the Revised Statutes of the United States.

''(e) REGULATIONS.—The appropriate Federal banking agencies shall jointly prescribe regulations implementing this section.''.

(c) TRANSACTIONS BETWEEN FINANCIAL SUBSIDIARIES AND OTHER AFFILIATES.—Section 23A of the Federal Reserve Act (12 U.S.C. 371c) is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d), the following new subsection:

''(e) RULES RELATING TO BANKS WITH FINANCIAL SUBSIDIARIES.—

''(1) FINANCIAL SUBSIDIARY DEFINED.—For purposes of this section and section 23B, the term 'financial subsidiary' means a company which is a subsidiary of a bank and is engaged in activities that are financial in nature or incidental to such financial activities pursuant to subsection (a)(2) or (b)(4) of section 5136A of the Revised Statutes of the United States.

''(2) APPLICATION TO TRANSACTIONS BETWEEN A FINANCIAL SUBSIDIARY OF A BANK AND THE BANK.—For purposes of applying this section and section 23B to a transaction between a financial subsidiary of a bank and the bank (or between such financial subsidiary and any other subsidiary of the bank which is not a financial subsidiary) and notwithstanding subsection (b)(2) and section 23B(d)(1), the financial subsidiary of the bank—

''(A) shall be an affiliate of the bank and any other subsidiary of the bank which is not a financial subsidiary; and

''(B) shall not be treated as a subsidiary of the bank.

''(3) APPLICATION TO TRANSACTIONS BETWEEN FINANCIAL SUBSIDIARY AND NONBANK AFFILIATES.—

''(A) IN GENERAL.—A transaction between a financial subsidiary and an affiliate of the financial subsidiary shall not be deemed to be a transaction between a subsidiary of a national bank and an affiliate of the bank for purposes of section 23A or section 23B of the Federal Reserve Act.

''(B) CERTAIN AFFILIATES EXCLUDED.—For purposes of subparagraph (A) and notwithstanding paragraph (4), the term 'affiliate' shall not include a bank, or a subsidiary of a bank, which is engaged exclusively in activities permissible for a national bank to engage in directly or which are authorized by any Federal law other than section 5136A of the Revised Statutes of the United States.

''(4) EQUITY INVESTMENTS EXCLUDED SUBJECT TO THE APPROVAL OF THE BANKING AGENCY.—Subsection (a)(1) shall not apply so as to limit the equity investment of a bank in a financial subsidiary of such bank, except that any investment that exceeds the amount of a dividend that the bank could pay at the time of the investment without obtaining prior approval of the appropriate Federal banking agency and is in excess of the limitation which would apply under subsection (a)(1), but for this paragraph, may be made only with the approval of the appropriate Federal banking agency (as defined in section 3(q) of the Federal Deposit Insurance Act) with respect to such bank.''.

(d) ANTITYING.—Section 106(a) of the Bank Holding Company Act Amendments of 1970 is amended by adding at the end the following new sentence: ''For purposes of this section, a subsidiary of a national bank which engages in activities pursuant to subsection (a)(2) or (b)(4) of section 5136A of the Revised Statutes of the United States shall be deemed to be a subsidiary of a bank holding company, and not a subsidiary of a bank.''.

SEC. 123. MISREPRESENTATIONS REGARDING DEPOSITORY INSTITUTION LIABILITY FOR OBLIGATIONS OF AFFILIATES.

(a) IN GENERAL.—Chapter 47 of title 18, United States Code, is amended by inserting after section 1007 the following new section:

''§ 1008. Misrepresentations regarding financial institution liability for obligations of affiliates

''(a) IN GENERAL.—No institution-affiliated party of an insured depository institution or institution-affiliated party of a subsidiary or affiliate of an insured depository institution shall fraudulently represent that the institution is or will be liable for any obligation of a subsidiary or other affiliate of the institution.

''(b) CRIMINAL PENALTY.—Whoever violates subsection (a) shall be fined under this title, imprisoned for not more than 5 years, or both.

''(c) INSTITUTION-AFFILIATED PARTY DEFINED.—For purposes of this section, the term 'institution-affiliated party' has the same meaning as in section 3 of the Federal Deposit Insurance Act and any reference in that section shall also be deemed to refer to a subsidiary or affiliate of an insured depository institution.

''(d) OTHER DEFINITIONS.—For purposes of this section, the terms 'affiliate', 'insured depository institution', and 'subsidiary' have same meanings as in section 3 of the Federal Deposit Insurance Act.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 47 of title 18, United States Code, is amended by inserting after the item relating to section 1007 the following new item:

''1008. Misrepresentations regarding financial institution liability for obligations of affiliates.''.

SEC. 124. REPEAL OF STOCK LOAN LIMIT IN FEDERAL RESERVE ACT.

Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by striking the paragraph designated as ''(m)'' and inserting ''(m) [Repealed]''.

Subtitle D—Wholesale Financial Holding Companies; Wholesale Financial Institutions

CHAPTER 1—WHOLESALE FINANCIAL HOLDING COMPANIES

SEC. 131. WHOLESALE FINANCIAL HOLDING COMPANIES ESTABLISHED.

Section 10 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended to read as follows:

''SEC. 10. WHOLESALE FINANCIAL HOLDING COMPANIES.

''(a) COMPANIES THAT CONTROL WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) WHOLESALE FINANCIAL HOLDING COMPANY DEFINED.—The term 'wholesale financial holding company' means any company that—

''(A) is registered as a bank holding company;

''(B) is predominantly engaged in financial activities as defined in section 6(f)(2);

''(C) controls one or more wholesale financial institutions;

''(D) does not control—

''(i) a bank other than a wholesale financial institution;

''(ii) an insured bank other than an institution permitted under subparagraph (D), (F), or (G) of section 2(c)(2); or

''(iii) a savings association; and

''(E) is not a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978).

''(2) SAVINGS ASSOCIATION TRANSITION PERIOD.—Notwithstanding paragraph (1)(D)(iii), the Board may permit a company that controls a savings association and that otherwise meets the requirements of paragraph (1) to become supervised under paragraph (1), if the company divests control of any such savings association within such period not to exceed 5 years after becoming supervised under paragraph (1) as permitted by the Board.

''(b) SUPERVISION BY THE BOARD.—

''(1) IN GENERAL.—The provisions of this section shall govern the reporting, examination, and capital requirements of wholesale financial holding companies.

''(2) REPORTS.—

''(A) IN GENERAL.—The Board from time to time may require any wholesale financial holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) the company's or subsidiary's activities, financial condition, policies, systems for monitoring and controlling financial and operational risks, and transactions with depository institution subsidiaries of the holding company; and

''(ii) the extent to which the company or subsidiary has complied with the provisions of this Act and regulations prescribed and orders issued under this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Board shall, to the fullest extent possible, accept reports in fulfillment of the Board's reporting requirements under this paragraph that the wholesale financial holding company or any subsidiary of such company has provided or been required to provide to other Federal and State supervisors or to appropriate self-regulatory organizations.

''(ii) AVAILABILITY.—A wholesale financial holding company or a subsidiary of such company shall provide to the Board, at the request of the Board, a report referred to in clause (i).

''(C) EXEMPTIONS FROM REPORTING REQUIREMENTS.—

''(i) IN GENERAL.—The Board may, by regulation or order, exempt any company or class of companies, under such terms and conditions and for such periods as the Board shall provide in such regulation or order, from the provisions of this paragraph and any regulation prescribed under this paragraph.

''(ii) CRITERIA FOR CONSIDERATION.—In making any determination under clause (i) with regard to any exemption under such clause, the Board shall consider, among such other factors as the Board may determine to be appropriate, the following factors:

''(I) Whether information of the type required under this paragraph is available from a supervisory agency (as defined in section 1101(7) of the Right to Financial Privacy Act of 1978) or a foreign regulatory authority of a similar type.

''(II) The primary business of the company.

''(III) The nature and extent of the domestic and foreign regulation of the activities of the company.

''(3) EXAMINATIONS.—

''(A) LIMITED USE OF EXAMINATION AUTHORITY.—The Board may make examinations of each wholesale financial holding company and each subsidiary of such company in order to—

''(i) inform the Board regarding the nature of the operations and financial condition of the wholesale financial holding company and its subsidiaries;

''(ii) inform the Board regarding—

''(I) the financial and operational risks within the wholesale financial holding company system that may affect any depository institution owned by such holding company; and

''(II) the systems of the holding company and its subsidiaries for monitoring and controlling those risks; and

''(iii) monitor compliance with the provisions of this Act and those governing transactions and relationships between any depository institution controlled by the wholesale financial holding company and any of the company's other subsidiaries.

''(B) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a wholesale financial holding company under this paragraph to—

''(i) the holding company; and

''(ii) any subsidiary (other than an insured depository institution subsidiary) of the holding company that, because of the size, condition, or activities of the subsidiary, the nature or size of transactions between such subsidiary and any affiliated depository institution, or the centralization of functions within the holding company system, could have a materially adverse effect on the safety and soundness of any depository institution affiliate of the holding company.

''(C) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, use the reports of examination of depository institutions made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision or the appropriate State depository institution supervisory authority for the purposes of this section.

''(D) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, address the circumstances which might otherwise permit or require an examination by the Board by forgoing an examination and by instead reviewing the reports of examination made of—

''(i) any registered broker or dealer or any registered investment adviser by or on behalf of the Commission; and

''(ii) any licensed insurance company by or on behalf of any State government insurance agency responsible for the supervision of the insurance company.

''(E) CONFIDENTIALITY OF REPORTED INFORMATION.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, the Board shall not be compelled to disclose any nonpublic information required to be reported under this paragraph, or any information supplied to the Board by any domestic or foreign regulatory agency, that relates to the financial or operational condition of any wholesale financial holding company or any subsidiary of such company.

''(ii) COMPLIANCE WITH REQUESTS FOR INFORMATION.—No provision of this subparagraph shall be construed as authorizing the Board to withhold information from the Congress, or preventing the Board from complying with a request for information from any other Federal department or agency for purposes within the scope of such department's or agency's jurisdiction, or from complying with any order of a court of competent jurisdiction in an action brought by the United States or the Board.

''(iii) COORDINATION WITH OTHER LAW.—For purposes of section 552 of title 5, United States Code, this subparagraph shall be considered to be a statute described in subsection (b)(3)(B) of such section.

''(iv) DESIGNATION OF CONFIDENTIAL INFORMATION.—In prescribing regulations to carry out the requirements of this subsection, the Board shall designate information described in or obtained pursuant to this paragraph as confidential information.

''(F) COSTS.—The cost of any examination conducted by the Board under this section may be assessed against, and made payable by, the wholesale financial holding company.

''(4) CAPITAL ADEQUACY GUIDELINES.—

''(A) CAPITAL ADEQUACY PROVISIONS.—Subject to the requirements of, and solely in accordance with, the terms of this paragraph, the Board may adopt capital adequacy rules or guidelines for wholesale financial holding companies.

''(B) METHOD OF CALCULATION.—In developing rules or guidelines under this paragraph, the following provisions shall apply:

''(i) FOCUS ON DOUBLE LEVERAGE.—The Board shall focus on the use by wholesale financial holding companies of debt and other liabilities to fund capital investments in subsidiaries.

''(ii) NO UNWEIGHTED CAPITAL RATIO.—The Board shall not, by regulation, guideline, order, or otherwise, impose under this section a capital ratio that is not based on appropriate risk-weighting considerations.

''(iii) NO CAPITAL REQUIREMENT ON REGULATED ENTITIES.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, standards, guidelines, or requirements upon any subsidiary that—

''(I) is not a depository institution; and

''(II) is in compliance with applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority.

''(iv) LIMITATION.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, standards, guidelines, or requirements upon any subsidiary that is not a depository institution and that is registered as an investment adviser under the Investment Advisers Act of 1940, except that this clause shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to activities of a registered investment adviser other than investment advisory activities or activities incidental to investment advisory activities.

''(v) LIMITATIONS ON INDIRECT ACTION.—In developing, establishing, or assessing holding company capital or capital adequacy rules, guidelines, standards, or requirements for purposes of this paragraph, the Board shall not take into account the activities, operations, or investments of an affiliated investment company registered under the Investment Company Act of 1940, unless the investment company is—

''(I) a bank holding company; or

''(II) controlled by a bank holding company by reason of ownership by the bank holding company (including through all of its affiliates) of 25 percent or more of the shares of the investment company, and the shares owned by the bank holding company have a market value equal to more than $1,000,000.

''(vi) APPROPRIATE EXCLUSIONS.—The Board shall take full account of—

''(I) the capital requirements made applicable to any subsidiary that is not a depository institution by another Federal regulatory authority or State insurance authority; and

''(II) industry norms for capitalization of a company's unregulated subsidiaries and activities.

''(vii) INTERNAL RISK MANAGEMENT MODELS.—The Board may incorporate internal risk management models of wholesale financial holding companies into its capital adequacy guidelines or rules and may take account of the extent to which resources of a subsidiary depository institution may be used to service the debt or other liabilities of the wholesale financial holding company.

''(c) NONFINANCIAL ACTIVITIES AND INVESTMENTS.—

''(1) GRANDFATHERED ACTIVITIES.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a company that becomes a wholesale financial holding company may continue to engage, directly or indirectly, in any activity and may retain ownership and control of shares of a company engaged in any activity if—

''(i) on the date of the enactment of the Financial Services Act of 1999, such wholesale financial holding company was lawfully engaged in that nonfinancial activity, held the shares of such company, or had entered into a contract to acquire shares of any company engaged in such activity; and

''(ii) the company engaged in such activity continues to engage only in the same activities that such company conducted on the date of the enactment of the Financial Services Act of 1999, and other activities permissible under this Act.

''(B) NO EXPANSION OF GRANDFATHERED COMMERCIAL ACTIVITIES THROUGH MERGER OR CONSOLIDATION.—A wholesale financial holding company that engages in activities or holds shares pursuant to this paragraph, or a subsidiary of such wholesale financial holding company, may not acquire, in any merger, consolidation, or other type of business combination, assets of any other company which is engaged in any activity which the Board has not determined to be financial in nature or incidental to activities that are financial in nature under section 6(c).

''(C) LIMITATION TO SINGLE EXEMPTION.—No company that engages in any activity or controls any shares under subsection (f) of section 6 may engage in any activity or own any shares pursuant to this paragraph.

''(2) COMMODITIES.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a wholesale financial holding company which was predominately engaged as of January 1, 1997, in financial activities in the United States (or any successor to any such company) may engage in, or directly or indirectly own or control shares of a company engaged in, activities related to the trading, sale, or investment in commodities and underlying physical properties that were not permissible for bank holding companies to conduct in the United States as of January 1, 1997, if such wholesale financial holding company, or any subsidiary of such holding company, was engaged directly, indirectly, or through any such company in any of such activities as of January 1, 1997, in the United States.

''(B) LIMITATION.—The attributed aggregate consolidated assets of a wholesale financial holding company held under the authority granted under this paragraph and not otherwise permitted to be held by all wholesale financial holding companies under this section may not exceed 5 percent of the total consolidated assets of the wholesale financial holding company, except that the Board may increase such percentage of total consolidated assets by such amounts and under such circumstances as the Board considers appropriate, consistent with the purposes of this Act.

''(3) CROSS MARKETING RESTRICTIONS.—A wholesale financial holding company shall not permit—

''(A) any company whose shares it owns or controls pursuant to paragraph (1) or (2) to offer or market any product or service of an affiliated wholesale financial institution; or

''(B) any affiliated wholesale financial institution to offer or market any product or service of any company whose shares are owned or controlled by such wholesale financial holding company pursuant to such paragraphs.

''(d) QUALIFICATION OF FOREIGN BANK AS WHOLESALE FINANCIAL HOLDING COMPANY.—

''(1) IN GENERAL.—Any foreign bank, or any company that owns or controls a foreign bank, that operates a branch, agency, or commercial lending company in the United States, including a foreign bank or company that owns or controls a wholesale financial institution, may request a determination from the Board that such bank or company be treated as a wholesale financial holding company other than for purposes of subsection (c), subject to such conditions as the Board considers appropriate, giving due regard to the principle of national treatment and equality of competitive opportunity and the requirements imposed on domestic banks and companies.

''(2) CONDITIONS FOR TREATMENT AS A WHOLESALE FINANCIAL HOLDING COMPANY.—A foreign bank and a company that owns or controls a foreign bank may not be treated as a wholesale financial holding company unless the bank and company meet and continue to meet the following criteria:

''(A) NO INSURED DEPOSITS.—No deposits held directly by a foreign bank or through an affiliate (other than an institution described in subparagraph (D) or (F) of section 2(c)(2)) are insured under the Federal Deposit Insurance Act.

''(B) CAPITAL STANDARDS.—The foreign bank meets risk-based capital standards comparable to the capital standards required for a wholesale financial institution, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(C) TRANSACTION WITH AFFILIATES.—Transactions between a branch, agency, or commercial lending company subsidiary of the foreign bank in the United States, and any securities affiliate or company in which the foreign bank (or any company that owns or controls such foreign bank) has invested, directly or indirectly, and which engages in any activity pursuant to subsection (c) or (g) of section 6, comply with the provisions of sections 23A and 23B of the Federal Reserve Act in the same manner and to the same extent as such transactions would be required to comply with such sections if the bank were a member bank.

''(3) TREATMENT AS A WHOLESALE FINANCIAL INSTITUTION.—Any foreign bank which is, or is affiliated with a company which is, treated as a wholesale financial holding company under this subsection shall be treated as a wholesale financial institution for purposes of subsections (c)(1)(C) and (c)(3) of section 9B of the Federal Reserve Act, and any such foreign bank or company shall be subject to paragraphs (3), (4), and (5) of section 9B(d) of the Federal Reserve Act, except that the Board may adopt such modifications, conditions, or exemptions as the Board deems appropriate, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(4) SUPERVISION OF FOREIGN BANK WHICH MAINTAINS NO BANKING PRESENCE OTHER THAN CONTROL OF A WHOLESALE FINANCIAL INSTITUTION.—A foreign bank that owns or controls a wholesale financial institution but does not operate a branch, agency, or commercial lending company in the United States (and any company that owns or controls such foreign bank) may request a determination from the Board that such bank or company be treated as a wholesale financial holding company, except that such bank or company shall be subject to the restrictions of paragraphs (2)(A) and (3) of this subsection.

''(5) NO EFFECT ON OTHER PROVISIONS.—This section shall not be construed as limiting the authority of the Board under the International Banking Act of 1978 with respect to the regulation, supervision, or examination of foreign banks and their offices and affiliates in the United States.

''(6) APPLICABILITY OF COMMUNITY REINVESTMENT ACT OF 1977.—The branches in the United States of a foreign bank that is, or is affiliated with a company that is, treated as a wholesale financial holding company shall be subject to section 9B(b)(11) of the Federal Reserve Act as if the foreign bank were a wholesale financial institution under such section. The Board and the Comptroller of the Currency shall apply the provisions of sections 803(2), 804, and 807(1) of the Community Reinvestment Act of 1977 to branches of foreign banks which receive only such deposits as are permissible for receipt by a corporation organized under section 25A of the Federal Reserve Act, in the same manner and to the same extent such sections apply to such a corporation.''.

SEC. 132. AUTHORIZATION TO RELEASE REPORTS.

(a) FEDERAL RESERVE ACT.—The last sentence of the eighth undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 326) is amended to read as follows: ''The Board of Governors of the Federal Reserve System, at its discretion, may furnish reports of examination or other confidential supervisory information concerning State member banks or any other entities examined under any other authority of the Board to any Federal or State authorities with supervisory or regulatory authority over the examined entity, to officers, directors, or receivers of the examined entity, and to any other person that the Board determines to be proper.''.

(b) COMMODITY FUTURES TRADING COMMISSION.—The Right to Financial Privacy Act of 1978 (12 U.S.C. 3401 et seq.) is amended—

(1) in section 1101(7) of the (12 U.S.C. 3401(7))—

(A) by redesignating subparagraphs (G) and (H) as subparagraphs (H) and (I), respectively; and

(B) by inserting after subparagraph (F) the following new subparagraph:

''(G) the Commodity Futures Trading Commission; or''; and

(2) in section 1112(e), by striking ''and the Securities and Exchange Commission'' and inserting '', the Securities and Exchange Commission, and the Commodity Futures Trading Commission''.

SEC. 133. CONFORMING AMENDMENTS.

(a) BANK HOLDING COMPANY ACT OF 1956.—

(1) DEFINITIONS.—Section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841) is amended by inserting after subsection (p) (as added by section 103(b)(1)) the following new subsections:

''(q) WHOLESALE FINANCIAL INSTITUTION.—The term 'wholesale financial institution' means a wholesale financial institution subject to section 9B of the Federal Reserve Act.

''(r) COMMISSION.—The term 'Commission' means the Securities and Exchange Commission.

''(s) DEPOSITORY INSTITUTION.—The term 'depository institution'—

''(1) has the meaning given to such term in section 3 of the Federal Deposit Insurance Act; and

''(2) includes a wholesale financial institution.''.

(2) DEFINITION OF BANK INCLUDES WHOLESALE FINANCIAL INSTITUTION.—Section 2(c)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(1)) is amended by adding at the end the following new subparagraph:

''(C) A wholesale financial institution.''.

(3) INCORPORATED DEFINITIONS.—Section 2(n) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(n)) is amended by inserting '' 'insured bank','' after '' 'in danger of default',''.

(4) EXCEPTION TO DEPOSIT INSURANCE REQUIREMENT.—Section 3(e) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(e)) is amended by adding at the end the following: ''This subsection shall not apply to a wholesale financial institution.''.

(b) FEDERAL DEPOSIT INSURANCE ACT.—Section 3(q)(2)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)(2)(A)) is amended to read as follows:

''(A) any State member insured bank (except a District bank) and any wholesale financial institution subject to section 9B of the Federal Reserve Act;''.

CHAPTER 2—WHOLESALE FINANCIAL INSTITUTIONS

SEC. 136. WHOLESALE FINANCIAL INSTITUTIONS.

(a) NATIONAL WHOLESALE FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Chapter 1 of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended by inserting after section 5136A (as added by section 121(a) of this title) the following new section:

''SEC. 5136B. NATIONAL WHOLESALE FINANCIAL INSTITUTIONS.

''(a) AUTHORIZATION OF THE COMPTROLLER REQUIRED.—A national bank may apply to the Comptroller on such forms and in accordance with such regulations as the Comptroller may prescribe, for permission to operate as a national wholesale financial institution.

''(b) REGULATION.—A national wholesale financial institution may exercise, in accordance with such institution's articles of incorporation and regulations issued by the Comptroller, all the powers and privileges of a national bank formed in accordance with section 5133 of the Revised Statutes of the United States, subject to section 9B of the Federal Reserve Act and the limitations and restrictions contained therein.

''(c) COMMUNITY REINVESTMENT ACT OF 1977.—A national wholesale financial institution shall be subject to the Community Reinvestment Act of 1977.

(2) CLERICAL AMENDMENT.—The table of sections for chapter 1 of title LXII of the Revised Statutes of the United States is

amended by inserting after the item relating to section 5136A (as added by section 121(d) of this title) the following new item:

''5136B. National wholesale financial institutions.''.

(b) WHOLESALE FINANCIAL INSTITUTIONS.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 9A the following new section:

"SEC. 9B. WHOLESALE FINANCIAL INSTITUTIONS.

''(a) APPLICATION FOR MEMBERSHIP AS WHOLESALE FINANCIAL INSTITUTION.—

''(1) APPLICATION REQUIRED.—

''(A) IN GENERAL.—Any bank may apply to the Board of Governors of the Federal Reserve System to become a State wholesale financial institution, or to the Comptroller of the Currency to become a national wholesale financial institution, and, as a wholesale financial institution, to subscribe to the stock of the Federal Reserve bank organized within the district where the applying bank is located.

''(B) TREATMENT AS MEMBER BANK.—Any application under subparagraph (A) shall be treated as an application under, and shall be subject to the provisions of, section 9.

''(2) INSURANCE TERMINATION.—No bank the deposits of which are insured under the Federal Deposit Insurance Act may become a wholesale financial institution unless it has met all requirements under that Act for voluntary termination of deposit insurance.

''(b) GENERAL REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) FEDERAL RESERVE ACT.—Except as otherwise provided in this section, wholesale financial institutions shall be member banks and shall be subject to the provisions of this Act that apply to member banks to the same extent and in the same manner as State member insured banks or national banks, except that a wholesale financial institution may terminate membership under this Act only with the prior written approval of the Board and on terms and conditions that the Board determines are appropriate to carry out the purposes of this Act.

''(2) PROMPT CORRECTIVE ACTION.—A wholesale financial institution shall be deemed to be an insured depository institution for purposes of section 38 of the Federal Deposit Insurance Act except that—

''(A) the relevant capital levels and capital measures for each capital category shall be the levels specified by the Board for wholesale financial institutions;

''(B) subject to subparagraph (A), all references to the appropriate Federal banking agency or to the Corporation in that section shall be deemed to be references to the Comptroller of the Currency, in the case of a national wholesale financial institution, and to the Board, in the case of all other wholesale financial institutions; and

''(C) in the case of wholesale financial institutions, the purpose of prompt corrective action shall be to protect taxpayers and the financial system from the risks associated with the operation and activities of wholesale financial institutions.

''(3) ENFORCEMENT AUTHORITY.—Section 3(u), subsections (j) and (k) of section 7, subsections (b) through (n), (s), (u), and (v) of section 8, and section 19 of the Federal Deposit Insurance Act shall apply to a wholesale financial institution in the same manner and to the same extent as such provisions apply to State member insured banks or national banks, as the case may be, and any reference in such sections to an insured depository institution shall be deemed to include a reference to a wholesale financial institution.

''(4) CERTAIN OTHER STATUTES APPLICABLE.—A wholesale financial institution shall be deemed to be a banking institution, and the Board shall be the appropriate Federal banking agency for such bank and all such bank's affiliates, for purposes of the International Lending Supervision Act.

''(5) BANK MERGER ACT.—A wholesale financial institution shall be subject to sections 18(c) and 44 of the Federal Deposit Insurance Act in the same manner and to the same extent the wholesale financial institution would be subject to such sections if the institution were a State member insured bank or a national bank.

''(6) BRANCHING.—Notwithstanding any other provision of law, a wholesale financial institution may establish and operate a branch at any location on such terms and conditions as established by, and with the approval of—

''(A) the Board, in the case of a State-chartered wholesale financial institution; and

''(B) the Comptroller of the Currency, in the case of a national bank wholesale financial institution.

''(7) ACTIVITIES OF OUT-OF-STATE BRANCHES OF WHOLESALE FINANCIAL INSTITUTIONS.—A State-chartered wholesale financial institution shall be deemed to be a State bank and an insured State bank for purposes of paragraphs (1), (2), and (3) of section 24(j) of the Federal Deposit Insurance Act.

''(8) DISCRIMINATION REGARDING INTEREST RATES.—Section 27 of the Federal Deposit Insurance Act shall apply to State-chartered wholesale financial institutions in the same manner and to the same extent as such provisions apply to State member insured banks and any reference in such section to a State-chartered insured depository institution shall be deemed to include a reference to a State-chartered wholesale financial institution.

''(9) PREEMPTION OF STATE LAWS REQUIRING DEPOSIT INSURANCE FOR WHOLESALE FINANCIAL INSTITUTIONS.—The appropriate State banking authority may grant a charter to a wholesale financial institution notwithstanding any State constitution or statute requiring that the institution obtain insurance of its deposits and any such State constitution or statute is hereby preempted solely for purposes of this paragraph.

''(10) PARITY FOR WHOLESALE FINANCIAL INSTITUTIONS.—A State bank that is a wholesale financial institution under this section shall have all of the rights, powers, privileges, and immunities (including those derived from status as a federally chartered institution) of and as if it were a national bank, subject to such terms and conditions as established by the Board.

''(11) COMMUNITY REINVESTMENT ACT OF 1977.—A State wholesale financial institution shall be subject to the Community Reinvestment Act of 1977.

''(c) SPECIFIC REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) LIMITATIONS ON DEPOSITS.—

''(A) MINIMUM AMOUNT.—

''(i) IN GENERAL.—No wholesale financial institution may receive initial deposits of $100,000 or less, other than on an incidental and occasional basis.

''(ii) LIMITATION ON DEPOSITS OF LESS THAN $100,000.—No wholesale financial institution may receive initial deposits of $100,000 or less if such deposits constitute more than 5 percent of the institution's total deposits.

''(B) NO DEPOSIT INSURANCE.—Except as otherwise provided in section 8A(f) of the Federal Deposit Insurance Act, no deposits held by a wholesale financial institution shall be insured deposits under the Federal Deposit Insurance Act.

''(C) ADVERTISING AND DISCLOSURE.—The Board and the Comptroller of the Currency shall prescribe jointly regulations pertaining to advertising and disclosure by wholesale financial institutions to ensure that each depositor is notified that deposits at the wholesale financial institution are not federally insured or otherwise guaranteed by the United States Government.

''(2) MINIMUM CAPITAL LEVELS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—The Board shall, by regulation, adopt capital requirements for wholesale financial institutions—

''(A) to account for the status of wholesale financial institutions as institutions that accept deposits that are not insured under the Federal Deposit Insurance Act; and

''(B) to provide for the safe and sound operation of the wholesale financial institution without undue risk to creditors or other persons, including Federal Reserve banks, engaged in transactions with the bank.

''(3) ADDITIONAL REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—In addition to any requirement otherwise applicable to State member insured banks or applicable, under this section, to wholesale financial institutions, the Board may impose, by regulation or order, upon wholesale financial institutions—

''(A) limitations on transactions, direct or indirect, with affiliates to prevent—

''(i) the transfer of risk to the deposit insurance funds; or

''(ii) an affiliate from gaining access to, or the benefits of, credit from a Federal Reserve bank, including overdrafts at a Federal Reserve bank;

''(B) special clearing balance requirements; and

''(C) any additional requirements that the Board determines to be appropriate or necessary to—

''(i) promote the safety and soundness of the wholesale financial institution or any insured depository institution affiliate of the wholesale financial institution;

''(ii) prevent the transfer of risk to the deposit insurance funds; or

''(iii) protect creditors and other persons, including Federal Reserve banks, engaged in transactions with the wholesale financial institution.

''(4) EXEMPTIONS FOR WHOLESALE FINANCIAL INSTITUTIONS.—The Board may, by regulation or order, exempt any wholesale financial institution from any provision applicable to a member bank that is not a wholesale financial institution, if the Board finds that such exemption is consistent with—

''(A) the promotion of the safety and soundness of the wholesale financial institution or any insured depository institution affiliate of the wholesale financial institution;

''(B) the protection of the deposit insurance funds; and

''(C) the protection of creditors and other persons, including Federal Reserve banks, engaged in transactions with the wholesale financial institution.

''(5) LIMITATION ON TRANSACTIONS BETWEEN A WHOLESALE FINANCIAL INSTITUTION AND AN INSURED BANK.—For purposes of section 23A(d)(1) of the Federal Reserve Act, a wholesale financial institution that is affiliated with an insured bank shall not be a bank.

''(6) NO EFFECT ON OTHER PROVISIONS.—This section shall not be construed as limiting the Board's authority over member banks or the authority of the Comptroller of the Currency over national banks under any other

provision of law, or to create any obligation for any Federal Reserve bank to make, increase, renew, or extend any advance or discount under this Act to any member bank or other depository institution.

''(d) CAPITAL AND MANAGERIAL REQUIREMENTS.—

''(1) IN GENERAL.—A wholesale financial institution shall be well capitalized and well managed.

''(2) NOTICE TO COMPANY.—The Board shall promptly provide notice to a company that controls a wholesale financial institution whenever such wholesale financial institution is not well capitalized or well managed.

''(3) AGREEMENT TO RESTORE INSTITUTION.—Not later than 45 days after the date of receipt of a notice under paragraph (2) (or such additional period not to exceed 90 days as the Board may permit), the company shall execute an agreement acceptable to the Board to restore the wholesale financial institution to compliance with all of the requirements of paragraph (1).

''(4) LIMITATIONS UNTIL INSTITUTION RESTORED.—Until the wholesale financial institution is restored to compliance with all of the requirements of paragraph (1), the Board may impose such limitations on the conduct or activities of the company or any affiliate of the company as the Board determines to be appropriate under the circumstances.

''(5) FAILURE TO RESTORE.—If the company does not execute and implement an agreement in accordance with paragraph (3), comply with any limitation imposed under paragraph (4), restore the wholesale financial institution to well capitalized status not later than 180 days after the date of receipt by the company of the notice described in paragraph (2), or restore the wholesale financial institution to well managed status within such period as the Board may permit, the company shall, under such terms and conditions as may be imposed by the Board subject to such extension of time as may be granted in the discretion of the Board, divest control of its subsidiary depository institutions.

''(6) WELL MANAGED DEFINED.—For purposes of this subsection, the term 'well managed' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

''(e) RESOLUTION OF WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) CONSERVATORSHIP OR RECEIVERSHIP.—

''(A) APPOINTMENT.—The Board may appoint a conservator or receiver to take possession and control of a wholesale financial institution to the same extent and in the same manner as the Comptroller of the Currency may appoint a conservator or receiver for a national bank.

''(B) POWERS.—The conservator or receiver for a wholesale financial institution shall exercise the same powers, functions, and duties, subject to the same limitations, as a conservator or receiver for a national bank.

''(2) BOARD AUTHORITY.—The Board shall have the same authority with respect to any conservator or receiver appointed under paragraph (1), and the wholesale financial institution for which it has been appointed, as the Comptroller of the Currency has with respect to a conservator or receiver for a national bank and the national bank for which the conservator or receiver has been appointed.

''(3) BANKRUPTCY PROCEEDINGS.—The Comptroller of the Currency (in the case of a national wholesale financial institution) or the Board may direct the conservator or receiver of a wholesale financial institution to file a petition pursuant to title 11, United States Code, in which case, title 11, United States Code, shall apply to the wholesale financial institution in lieu of otherwise applicable Federal or State insolvency law.

''(f) BOARD BACKUP AUTHORITY.—

''(1) NOTICE TO THE COMPTROLLER.—Before taking any action under section 8 of the Federal Deposit Insurance Act involving a wholesale financial institution that is chartered as a national bank, the Board shall notify the Comptroller and recommend that the Comptroller take appropriate action. If the Comptroller fails to take the recommended action or to provide an acceptable plan for addressing the concerns of the Board before the close of the 30-day period beginning on the date of receipt of the formal recommendation from the Board, the Board may take such action.

''(2) EXIGENT CIRCUMSTANCES.—Notwithstanding paragraph (1), the Board may exercise its authority without regard to the time period set forth in paragraph (1) where the Board finds that exigent circumstances exist and the Board notifies the Comptroller of the Board's action and of the exigent circumstances.

''(g) EXCLUSIVE JURISDICTION.—Subsections (c) and (e) of section 43 of the Federal Deposit Insurance Act shall not apply to any wholesale financial institution.''.

(c) VOLUNTARY TERMINATION OF INSURED STATUS BY CERTAIN INSTITUTIONS.—

(1) SECTION 8 DESIGNATIONS.—Section 8(a) of the Federal Deposit Insurance Act (12 U.S.C. 1818(a)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (10) as paragraphs (1) through (9), respectively.

(2) VOLUNTARY TERMINATION OF INSURED STATUS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by inserting after section 8 the following new section:

''SEC. 8A. VOLUNTARY TERMINATION OF STATUS AS INSURED DEPOSITORY INSTITUTION.

''(a) IN GENERAL.—Except as provided in subsection (b), an insured State bank or a national bank may voluntarily terminate such bank's status as an insured depository institution in accordance with regulations of the Corporation if—

''(1) the bank provides written notice of the bank's intent to terminate such insured status—

''(A) to the Corporation and the Board of Governors of the Federal Reserve System, in the case of an insured State bank, or to the Corporation and the Comptroller of the Currency, in the case of an insured national bank authorized to operate as a wholesale financial institution, not less than 6 months before the effective date of such termination; and

''(B) to all depositors at such bank, not less than 6 months before the effective date of the termination of such status; and

''(2) either—

''(A) the deposit insurance fund of which such bank is a member equals or exceeds the fund's designated reserve ratio as of the date the bank provides a written notice under paragraph (1) and the Corporation determines that the fund will equal or exceed the applicable designated reserve ratio for the 2 semiannual assessment periods immediately following such date; or

''(B) the Corporation and the Board of Governors of the Federal Reserve System, in the case of an insured State bank, or the Corporation and the Comptroller of the Currency, in the case of an insured national bank authorized to operate as a wholesale financial institution, has approved the termination of the bank's insured status and the bank pays an exit fee in accordance with subsection (e).

''(b) EXCEPTION.—Subsection (a) shall not apply with respect to—

''(1) an insured savings association; or

''(2) an insured branch that is required to be insured under subsection (a) or (b) of section 6 of the International Banking Act of 1978.

''(c) ELIGIBILITY FOR INSURANCE TERMINATED.—Any bank that voluntarily elects to terminate the bank's insured status under subsection (a) shall not be eligible for insurance on any deposits or any assistance authorized under this Act after the period specified in subsection (f)(1).

''(d) INSTITUTION MUST BECOME WHOLESALE FINANCIAL INSTITUTION OR TERMINATE DEPOSIT-TAKING ACTIVITIES.—Any depository institution which voluntarily terminates such institution's status as an insured depository institution under this section may not, upon termination of insurance, accept any deposits unless the institution is a wholesale financial institution subject to section 9B of the Federal Reserve Act.

''(e) EXIT FEES.—

''(1) IN GENERAL.—Any bank that voluntarily terminates such bank's status as an insured depository institution under this section shall pay an exit fee in an amount that the Corporation determines is sufficient to account for the institution's pro rata share of the amount (if any) which would be required to restore the relevant deposit insurance fund to the fund's designated reserve ratio as of the date the bank provides a written notice under subsection (a)(1).

''(2) PROCEDURES.—The Corporation shall prescribe, by regulation, procedures for assessing any exit fee under this subsection.

''(f) TEMPORARY INSURANCE OF DEPOSITS INSURED AS OF TERMINATION.—

''(1) TRANSITION PERIOD.—The insured deposits of each depositor in a State bank or a national bank on the effective date of the voluntary termination of the bank's insured status, less all subsequent withdrawals from any deposits of such depositor, shall continue to be insured for a period of not less than 6 months and not more than 2 years, as determined by the Corporation. During such period, no additions to any such deposits, and no new deposits in the depository institution made after the effective date of such termination shall be insured by the Corporation.

''(2) TEMPORARY ASSESSMENTS; OBLIGATIONS AND DUTIES.—During the period specified in paragraph (1) with respect to any bank, the bank shall continue to pay assessments under section 7 as if the bank were an insured depository institution. The bank shall, in all other respects, be subject to the authority of the Corporation and the duties and obligations of an insured depository institution under this Act during such period, and in the event that the bank is closed due to an inability to meet the demands of the bank's depositors during such period, the Corporation shall have the same powers and rights with respect to such bank as in the case of an insured depository institution.

''(g) ADVERTISEMENTS.—

''(1) IN GENERAL.—A bank that voluntarily terminates the bank's insured status under this section shall not advertise or hold itself out as having insured deposits, except that the bank may advertise the temporary insurance of deposits under subsection (f) if, in connection with any such advertisement, the

advertisement also states with equal prominence that additions to deposits and new deposits made after the effective date of the termination are not insured.

''(2) CERTIFICATES OF DEPOSIT, OBLIGATIONS, AND SECURITIES.—Any certificate of deposit or other obligation or security issued by a State bank or a national bank after the effective date of the voluntary termination of the bank's insured status under this section shall be accompanied by a conspicuous, prominently displayed notice that such certificate of deposit or other obligation or security is not insured under this Act.

''(h) NOTICE REQUIREMENTS.—

''(1) NOTICE TO THE CORPORATION.—The notice required under subsection (a)(1)(A) shall be in such form as the Corporation may require.

''(2) NOTICE TO DEPOSITORS.—The notice required under subsection (a)(1)(B) shall be—

''(A) sent to each depositor's last address of record with the bank; and

''(B) in such manner and form as the Corporation finds to be necessary and appropriate for the protection of depositors.''.

(3) DEFINITION.—Section 19(b)(1)(A)(i) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)(i)) is amended by inserting '', or any wholesale financial institution subject to section 9B of this Act'' after ''such Act''.

(d) TECHNICAL AND CONFORMING AMENDMENTS TO THE BANKRUPTCY CODE.—

(1) BANKRUPTCY CODE DEBTORS.—Section 109(b)(2) of title 11, United States Code, is amended by striking ''; or'' and inserting the following: '', except that—

''(A) a wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act may be a debtor if a petition is filed at the direction of the Comptroller of the Currency (in the case of a wholesale financial institution established under section 5136B of the Revised Statutes of the United States) or the Board of Governors of the Federal Reserve System (in the case of any wholesale financial institution); and

''(B) a corporation organized under section 25A of the Federal Reserve Act may be a debtor if a petition is filed at the direction of the Board of Governors of the Federal Reserve System; or''.

(2) CHAPTER 7 DEBTORS.—Section 109(d) of title 11, United States Code, is amended to read as follows:

''(d) Only a railroad and a person that may be a debtor under chapter 7 of this title, except that a stockbroker, a wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act, a corporation organized under section 25A of the Federal Reserve Act, or a commodity broker, may be a debtor under chapter 11 of this title.''.

(3) DEFINITION OF FINANCIAL INSTITUTION.—Section 101(22) of title 11, United States Code, is amended to read as follows:

''(22) 'financial institution' means a person that is a commercial or savings bank, industrial savings bank, savings and loan association, trust company, wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act, or corporation organized under section 25A of the Federal Reserve Act and, when any such person is acting as agent or custodian for a customer in connection with a securities contract, as defined in section 741 of this title, such customer,''.

(4) SUBCHAPTER V OF CHAPTER 7.—

(A) IN GENERAL.—Section 103 of title 11, United States Code, is amended—

(i) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(ii) by inserting after subsection (d) the following:

''(e) Subchapter V of chapter 7 of this title applies only in a case under such chapter concerning the liquidation of a wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act, or a corporation organized under section 25A of the Federal Reserve Act.''.

(B) WHOLESALE BANK LIQUIDATION.—Chapter 7 of title 11, United States Code, is amended by adding at the end the following:

''SUBCHAPTER V—WHOLESALE BANK LIQUIDATION

''§ 781. Definitions for subchapter

''In this subchapter—

''(1) the term 'Board' means the Board of Governors of the Federal Reserve System;

''(2) the term 'depository institution' has the same meaning as in section 3 of the Federal Deposit Insurance Act, and includes any wholesale bank;

''(3) the term 'national wholesale financial institution' means a wholesale financial institution established under section 5136B of the Revised Statutes of the United States; and

''(4) the term 'wholesale bank' means a national wholesale financial institution, a wholesale financial institution established under section 9B of the Federal Reserve Act, or a corporation organized under section 25A of the Federal Reserve Act.

''§ 782. Selection of trustee

''(a) Notwithstanding any other provision of this title, the conservator or receiver who files the petition shall be the trustee under this chapter, unless the Comptroller of the Currency (in the case of a national wholesale financial institution for which it appointed the conservator or receiver) or the Board (in the case of any wholesale bank for which it appointed the conservator or receiver) designates an alternative trustee. The Comptroller of the Currency or the Board (as applicable) may designate a successor trustee, if required.

''(b) Whenever the Comptroller of the Currency or the Board appoints or designates a trustee, chapter 3 and sections 704 and 705 of this title shall apply to the Comptroller or the Board, as applicable, in the same way and to the same extent that they apply to a United States trustee.

''§ 783. Additional powers of trustee

''(a) The trustee under this subchapter has power to distribute property not of the estate, including distributions to customers that are mandated by subchapters III and Iv of this chapter.

''(b) The trustee under this subchapter may, after notice and a hearing—

''(1) sell the wholesale bank to a depository institution or consortium of depository institutions (which consortium may agree on the allocation of the wholesale bank among the consortium);

''(2) merge the wholesale bank with a depository institution;

''(3) transfer contracts to the same extent as could a receiver for a depository institution under paragraphs (9) and (10) of section 11(e) of the Federal Deposit Insurance Act;

''(4) transfer assets or liabilities to a depository institution;

''(5) transfer assets and liabilities to a bridge bank as provided in paragraphs (1), (3)(A), (5), (6), and (9) through (13), and subparagraphs (A) through (H) and (K) of paragraph (4) of section 11(n) of the Federal Deposit Insurance Act, except that—

''(A) the bridge bank shall be treated as a wholesale bank for the purpose of this subsection; and

''(B) any references in any such provision of law to the Federal Deposit Insurance Corporation shall be construed to be references to the appointing agency and that references to deposit insurance shall be omitted.

''(c) Any reference in this section to transfers of liabilities includes a ratable transfer of liabilities within a priority class.

''§ 784. Right to be heard

''The Comptroller of the Currency (in the case of a national wholesale financial institution), the Board (in the case of any wholesale bank), or a Federal Reserve bank (in the case of a wholesale bank that is a member of that bank) may raise and may appear and be heard on any issue in a case under this subchapter.

(C) CONFORMING AMENDMENT.—The table of sections for chapter 7 of title 11, United States Code, is amended by adding at the end the following:

''SUBCHAPTER V—WHOLESALE BANK LIQUIDATION

''781. Definitions for subchapter.
''782. Selection of trustee.
''783. Additional powers of trustee.
''784. Right to be heard.''.

(e) RESOLUTION OF EDGE CORPORATIONS.—The sixteenth undesignated paragraph of section 25A of the Federal Reserve Act (12 U.S.C. 624) is amended to read as follows:

''(16) APPOINTMENT OF RECEIVER OR CONSERVATOR.—

''(A) IN GENERAL.—The Board may appoint a conservator or receiver for a corporation organized under the provisions of this section to the same extent and in the same manner as the Comptroller of the Currency may appoint a conservator or receiver for a national bank, and the conservator or receiver for such corporation shall exercise the same powers, functions, and duties, subject to the same limitations, as a conservator or receiver for a national bank.

''(B) EQUIVALENT AUTHORITY.—The Board shall have the same authority with respect to any conservator or receiver appointed for a corporation organized under the provisions of this section under this paragraph and any such corporation as the Comptroller of the Currency has with respect to a conservator or receiver of a national bank and the national bank for which a conservator or receiver has been appointed.

''(C) TITLE 11 PETITIONS.—The Board may direct the conservator or receiver of a corporation organized under the provisions of this section to file a petition pursuant to title 11, United States Code, in which case, title 11, United States Code, shall apply to the corporation in lieu of otherwise applicable Federal or State insolvency law.''.

Subtitle E—Preservation of FTC Authority

SEC. 141. AMENDMENT TO THE BANK HOLDING COMPANY ACT OF 1956 TO MODIFY NOTIFICATION AND POST-APPROVAL WAITING PERIOD FOR SECTION 3 TRANSACTIONS.

Section 11(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1849(b)(1)) is amended by inserting ''and, if the transaction also involves an acquisition under section 4 or section 6, the Board shall also notify the Federal Trade Commission of such approval'' before the period at the end of the first sentence.

SEC. 142. INTERAGENCY DATA SHARING.

To the extent not prohibited by other law, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System shall make available to the Attorney General and the Federal Trade Commission any data in the possession of any such banking agency that the antitrust agency deems necessary for antitrust review of any transaction requiring notice to any such antitrust agency or the approval of such agency under section 3, 4, or 6 of the Bank Holding Company Act of 1956, section 18(c) of the Federal Deposit Insurance Act, the National Bank Consolidation and Merger Act, section 10 of the Home Owners' Loan Act, or the antitrust laws.

SEC. 143. CLARIFICATION OF STATUS OF SUBSIDIARIES AND AFFILIATES.

(a) CLARIFICATION OF FEDERAL TRADE COMMISSION JURISDICTION.—Any person which directly or indirectly controls, is controlled directly or indirectly by, or is directly or indirectly under common control with, any bank or savings association (as such terms are defined in section 3 of the Federal Deposit Insurance Act) and is not itself a bank or savings association shall not be deemed to be a bank or savings association for purposes of the Federal Trade Commission Act or any other law enforced by the Federal Trade Commission.

(b) SAVINGS PROVISION.—No provision of this section shall be construed as restricting the authority of any Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act) under any Federal banking law, including section 8 of the Federal Deposit Insurance Act.

(c) HART–SCOTT–RODINO AMENDMENTS.—

(1) BANKS.—Section 7A(c)(7) of the Clayton Act (15 U.S.C. 18a(c)(7)) is amended by inserting before the semicolon at the end the following: '', except that a portion of a transaction is not exempt under this paragraph if such portion of the transaction (A) is subject to section 6 of the Bank Holding Company Act of 1956; and (B) does not require agency approval under section 3 of the Bank Holding Company Act of 1956''.

(2) BANK HOLDING COMPANIES.—Section 7A(c)(8) of the Clayton Act (15 U.S.C. 18a(c)(8)) is amended by inserting before the semicolon at the end the following: '', except that a portion of a transaction is not exempt under this paragraph if such portion of the transaction (A) is subject to section 6 of the Bank Holding Company Act of 1956; and (B) does not require agency approval under section 4 of the Bank Holding Company Act of 1956''.

SEC. 144. ANNUAL GAO REPORT.

(a) IN GENERAL.—By the end of the 1-year period beginning on the date of the enactment of this Act and annually thereafter, the Comptroller General of the United States shall submit a report to the Congress on market concentration in the financial services industry and its impact on consumers.

(b) ANALYSIS.—Each report submitted under subsection (a) shall contain an analysis of—

(1) the positive and negative effects of affiliations between various types of financial companies, and of acquisitions pursuant to this Act and the amendments made by this Act to other provisions of law, including any positive or negative effects on consumers, area markets, and submarkets thereof or on registered securities brokers and dealers which have been purchased by depository institutions or depository institution holding companies;

(2) the changes in business practices and the effects of any such changes on the availability of venture capital, consumer credit, and other financial services or products and the availability of capital and credit for small businesses; and

(3) the acquisition patterns among depository institutions, depository institution holding companies, securities firms, and insurance companies including acquisitions among the largest 20 percent of firms and acquisitions within regions or other limited geographical areas.

(c) SUNSET.—This section shall not apply after the end of the 5-year period beginning on the date of the enactment of this Act.

Subtitle F—National Treatment

SEC. 151. FOREIGN BANKS THAT ARE FINANCIAL HOLDING COMPANIES.

Section 8(c) of the International Banking Act of 1978 (12 U.S.C. 3106(c)) is amended by adding at the end the following new paragraph:

''(3) TERMINATION OF GRANDFATHERED RIGHTS.—

''(A) IN GENERAL.—If any foreign bank or foreign company files a declaration under section 6(b)(1)(D) or receives a determination under section 10(d)(1) of the Bank Holding Company Act of 1956, any authority conferred by this subsection on any foreign bank or company to engage in any activity which the Board has determined to be permissible for financial holding companies under section 6 of such Act shall terminate immediately.

''(B) RESTRICTIONS AND REQUIREMENTS AUTHORIZED.—If a foreign bank or company that engages, directly or through an affiliate pursuant to paragraph (1), in an activity which the Board has determined to be permissible for financial holding companies under section 6 of the Bank Holding Company Act of 1956 has not filed a declaration with the Board of its status as a financial holding company under such section or received a determination under section 10(d)(1) by the end of the 2-year period beginning on the date of the enactment of the Financial Services Act of 1999, the Board, giving due regard to the principle of national treatment and equality of competitive opportunity, may impose such restrictions and requirements on the conduct of such activities by such foreign bank or company as are comparable to those imposed on a financial holding company organized under the laws of the United States, including a requirement to conduct such activities in compliance with any prudential safeguards established under section 114 of the Financial Services Act.''.

SEC. 152. FOREIGN BANKS AND FOREIGN FINANCIAL INSTITUTIONS THAT ARE WHOLESALE FINANCIAL INSTITUTIONS.

Section 8A of the Federal Deposit Insurance Act (as added by section 136(c)(2) of this Act) is amended by adding at the end the following new subsection:

''(i) VOLUNTARY TERMINATION OF DEPOSIT INSURANCE.—The provisions on voluntary termination of insurance in this section shall apply to an insured branch of a foreign bank (including a Federal branch) in the same manner and to the same extent as they apply to an insured State bank or a national bank.''.

SEC. 153. REPRESENTATIVE OFFICES.

(a) DEFINITION OF ''REPRESENTATIVE OFFICE''.—Section 1(b)(15) of the International Banking Act of 1978 (12 U.S.C. 3101(15)) is amended by striking ''State agency, or subsidiary of a foreign bank'' and inserting ''or State agency''.

(b) EXAMINATIONS.—Section 10(c) of the International Banking Act of 1978 (12 U.S.C. 3107(c)) is amended by adding at the end the following: ''The Board may also make examinations of any affiliate of a foreign bank conducting business in any State if the Board deems it necessary to determine and enforce compliance with this Act, the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), or other applicable Federal banking law.''.

SEC. 154. RECIPROCITY.

(a) NATIONAL TREATMENT REPORTS.—

(1) REPORT REQUIRED IN THE EVENT OF CERTAIN ACQUISITIONS.—

(A) IN GENERAL.—Whenever a person from a foreign country announces its intention to acquire or acquires a bank, a securities underwriter, broker, or dealer, an investment adviser, or insurance company that ranks within the top 50 firms in that line of business in the United States, the Secretary of Commerce, in the case of an insurance company, or the Secretary of the Treasury, in the case of a bank, a securities underwriter, broker, or dealer, or an investment adviser, shall, within the earlier of 6 months of such announcement or such acquisition and in consultation with other appropriate Federal and State agencies, prepare and submit to the Congress a report on whether a United States person would be able, de facto or de jure, to acquire an equivalent sized firm in the country in which such person from a foreign country is located.

(B) ANALYSIS AND RECOMMENDATIONS.—If a report submitted under subparagraph (A) states that the equivalent treatment referred to in such subparagraph, de facto and de jure, is not provided in the country which is the subject of the report, the Secretary of Commerce or the Secretary of the Treasury, as the case may be and in consultation with other appropriate Federal and State agencies, shall include in the report analysis and recommendations as to how that country's laws and regulations would need to be changed so that reciprocal treatment would exist.

(2) REPORT REQUIRED BEFORE FINANCIAL SERVICES NEGOTIATIONS COMMENCE.—The Secretary of Commerce, with respect to insurance companies, and the Secretary of the Treasury, with respect to banks, securities underwriters, brokers, dealers, and investment advisers, shall, not less than 6 months before the commencement of the financial services negotiations of the World Trade Organization and in consultation with other appropriate Federal and State agencies, prepare and submit to the Congress a report containing—

(A) an assessment of the 30 largest financial services markets with regard to whether reciprocal access is available in such markets to United States financial services providers; and

(B) with respect to any such financial services markets in which reciprocal access is not available to United States financial services providers, an analysis and recommendations as to what legislative, regulatory, or enforcement changes would be required to ensure full reciprocity for such providers.

(3) PERSON OF A FOREIGN COUNTRY DEFINED.—For purposes of this subsection, the term ''person of a foreign country'' means a person, or a person which directly or indirectly owns or controls that person, that is a resident of that country, is organized under the laws of that country, or has its principal place of business in that country.

(b) PROVISIONS APPLICABLE TO SUBMISSIONS.—

(1) NOTICE.—Before preparing any report required under subsection (a), the Secretary of Commerce or the Secretary of the Treasury, as the case may be, shall publish notice that a report is in preparation and seek comment from United States persons.

(2) PRIVILEGED SUBMISSIONS.—Upon the request of the submitting person, any comments or related communications received by the Secretary of Commerce or the Secretary of the Treasury, as the case may be, with regard to the report shall, for the purposes of section 552 of title 5, of the United States Code, be treated as commercial information obtained from a person that is privileged or confidential, regardless of the medium in which the information is obtained. This confidential information shall be the property of the Secretary and shall be privileged from disclosure to any other person. However, this privilege shall not be construed as preventing access to that confidential information by the Congress.

(3) PROHIBITION OF UNAUTHORIZED DISCLOSURES.—No person in possession of confidential information, provided under this section may disclose that information, in whole or in part, except for disclosure made in published statistical material that does not disclose, either directly or when used in conjunction with publicly available information, the confidential information of any person.

Subtitle G—Federal Home Loan Bank System Modernization

SEC. 161. SHORT TITLE.

This subtitle may be cited as the ''Federal Home Loan Bank System Modernization Act of 1999''.

SEC. 162. DEFINITIONS.

Section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422) is amended—

(1) in paragraph (1), by striking ''term 'Board' means'' and inserting ''terms 'Finance Board' and 'Board' mean'';

(2) by striking paragraph (3) and inserting the following:

''(3) STATE.—The term 'State', in addition to the States of the United States, includes the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.''; and

(3) by adding at the end the following new paragraph:

''(13) COMMUNITY FINANCIAL INSTITUTION.—

''(A) IN GENERAL.—The term 'community financial institution' means a member—

''(i) the deposits of which are insured under the Federal Deposit Insurance Act; and

''(ii) that has, as of the date of the transaction at issue, less than $500,000,000 in average total assets, based on an average of total assets over the 3 years preceding that date.

''(B) ADJUSTMENTS.—The $500,000,000 limit referred to in subparagraph (A)(ii) shall be adjusted annually by the Finance Board, based on the annual percentage increase, if any, in the Consumer Price Index for all urban consumers, as published by the Department of Labor.''.

SEC. 163. SAVINGS ASSOCIATION MEMBERSHIP.

Section 5(f) of the Home Owners' Loan Act (12 U.S.C. 1464(f)) is amended to read as follows:

''(f) FEDERAL HOME LOAN BANK MEMBERSHIP.—On and after January 1, 1999, a Federal savings association may become a member of the Federal Home Loan Bank System, and shall qualify for such membership in the manner provided by the Federal Home Loan Bank Act.''.

SEC. 164. ADVANCES TO MEMBERS; COLLATERAL.

(a) IN GENERAL.—Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and indenting appropriately;

(2) by striking ''(a) Each'' and inserting the following:

''(a) IN GENERAL.—

''(1) ALL ADVANCES.—Each'';

(3) by striking the second sentence and inserting the following:

''(2) PURPOSES OF ADVANCES.—A long-term advance may only be made for the purposes of—

''(A) providing funds to any member for residential housing finance; and

''(B) providing funds to any community financial institution for small business, agricultural, rural development, or low-income community development lending.'';

(4) by striking ''A Bank'' and inserting the following:

''(3) COLLATERAL.—A Bank'';

(5) in paragraph (3) (as so designated by paragraph (4) of this subsection)—

(A) in subparagraph (C) (as so redesignated by paragraph (1) of this subsection) by striking ''Deposits'' and inserting ''Cash or deposits'';

(B) in subparagraph (D) (as so redesignated by paragraph (1) of this subsection), by striking the second sentence; and

(C) by inserting after subparagraph (D) (as so redesignated by paragraph (1) of this subsection) the following new subparagraph:

''(E) Secured loans for small business, agriculture, rural development, or low-income community development, or securities representing a whole interest in such secured loans, in the case of any community financial institution.'';

(6) in paragraph (5)—

(A) in the second sentence, by striking ''and the Board'';

(B) in the third sentence, by striking ''Board'' and inserting ''Federal home loan bank''; and

(C) by striking ''(5) Paragraphs (1) through (4)'' and inserting the following:

''(4) ADDITIONAL BANK AUTHORITY.—Subparagraphs (A) through (E) of paragraph (3)''; and

(7) by adding at the end the following:

''(5) REVIEW OF CERTAIN COLLATERAL STANDARDS.—The Board may review the collateral standards applicable to each Federal home loan bank for the classes of collateral described in subparagraphs (D) and (E) of paragraph (3), and may, if necessary for safety and soundness purposes, require an increase in the collateral standards for any or all of those classes of collateral.

''(6) DEFINITIONS.—For purposes of this subsection, the terms 'small business', 'agriculture', 'rural development', and 'low-income community development' shall have the meanings given those terms by rule or regulation of the Finance Board.''.

(b) CLERICAL AMENDMENT.—The section heading for section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended to read as follows:

''SEC. 10. ADVANCES TO MEMBERS.''.

(c) CONFORMING AMENDMENTS RELATING TO MEMBERS WHICH ARE NOT QUALIFIED THRIFT LENDERS—The first of the 2 subsections designated as subsection (e) of section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430(e)(1)) is amended—

(1) in the last sentence of paragraph (1), by inserting ''or, in the case of any community financial institution, for the purposes described in subsection (a)(2)'' before the period; and

(2) in paragraph (5)(C), by inserting ''except that, in determining the actual thrift investment percentage of any community financial institution for purposes of this subsection, the total investment of such member in loans for small business, agriculture, rural development, or low-income community development, or securities representing a whole interest in such loans, shall be treated as a qualified thrift investment (as defined in such section 10(m))'' before the period.

SEC. 165. ELIGIBILITY CRITERIA.

Section 4(a) of the Federal Home Loan Bank Act (12 U.S.C. 1424(a)) is amended—

(1) in paragraph (2)(A), by inserting, ''(other than a community financial institution)'' after ''institution''; and

(2) by adding at the end the following new paragraph:

''(3) LIMITED EXEMPTION FOR COMMUNITY FINANCIAL INSTITUTIONS.—A community financial institution that otherwise meets the requirements of paragraph (2) may become a member without regard to the percentage of its total assets that is represented by residential mortgage loans, as described in subparagraph (A) of paragraph (2).''.

SEC. 166. MANAGEMENT OF BANKS.

(a) BOARD OF DIRECTORS.—Section 7(d) of the Federal Home Loan Bank Act (12 U.S.C. 1427(d)) is amended—

(1) by striking ''(d) The term'' and inserting the following:

''(d) TERMS OF OFFICE.—The term''; and

(2) by striking ''shall be two years''.

(b) COMPENSATION.—Section 7(i) of the Federal Home Loan Bank Act (12 U.S.C. 1427(i)) is amended by striking '', subject to the approval of the board''.

(c) REPEAL OF SECTIONS 22A AND 27.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended by striking sections 22A (12 U.S.C. 1442a) and 27 (12 U.S.C. 1447).

(d) SECTION 12.—Section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended—

(1) in subsection (a)—

(A) by striking '', but, except'' and all that follows through ''ten years'';

(B) by striking ''subject to the approval of the Board'' the first place that term appears;

(C) by striking ''and, by its Board of directors,'' and all that follows through ''agent of such bank,'' and inserting ''and, by the board of directors of the bank, to prescribe, amend, and repeal by-laws governing the manner in which its affairs may be administered, consistent with applicable laws and regulations, as administered by the Finance Board. No officer, employee, attorney, or agent of a Federal home loan bank''; and

(D) by striking ''Board of directors'' where such term appears in the penultimate sentence and inserting ''board of directors''; and

(2) in subsection (b), by striking ''loans banks'' and inserting ''loan banks''.

(e) POWERS AND DUTIES OF FEDERAL HOUSING FINANCE BOARD.—

(1) ISSUANCE OF NOTICES OF VIOLATIONS.—Section 2B(a) of the Federal Home Loan Bank Act (12 U.S.C. 1422b(a)) is amended by adding at the end the following new paragraphs:

''(5) To issue and serve a notice of charges upon a Federal home loan bank or upon any executive officer or director of a Federal home loan bank if, in the determination of the Finance Board, the bank, executive officer, or director is engaging or has engaged in, or the Finance Board has reasonable cause to believe that the bank, executive officer, or director is about to engage in, any

conduct that violates any provision of this Act or any law, order, rule, or regulation or any condition imposed in writing by the Finance Board in connection with the granting of any application or other request by the bank, or any written agreement entered into by the bank with the agency, in accordance with the procedures provided in section 1371(c) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. Such authority includes the same authority to take affirmative action to correct conditions resulting from violations or practices or to limit activities of a bank or any executive officer or director of a bank as appropriate Federal banking agencies have to take with respect to insured depository institutions under paragraphs (6) and (7) of section 8(b) of the Federal Deposit Insurance Act, and to have all other powers, rights, and duties to enforce this Act with respect to the Federal home loan banks and their executive officers and directors as the Office of Federal Housing Enterprise Oversight has to enforce the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Federal National Mortgage Association Charter Act, or the Federal Home Loan Mortgage Corporation Act with respect to the Federal housing enterprises under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

''(6) To address any insufficiencies in capital levels resulting from the application of section 5(f) of the Home Owners' Loan Act.

''(7) To sue and be sued, by and through its own attorneys.''.

(2) TECHNICAL AMENDMENT.—Section 111 of Public Law 93–495 (12 U.S.C. 250) is amended by striking ''Federal Home Loan Bank Board,'' and inserting ''Director of the Office of Thrift Supervision, ''the Federal Housing Finance Board,''.

(f) ELIGIBILITY TO SECURE ADVANCES.—

(1) SECTION 9.—Section 9 of the Federal Home Loan Bank Act (12 U.S.C. 1429) is amended—

(A) in the second sentence, by striking ''with the approval of the Board''; and

(B) in the third sentence, by striking '', subject to the approval of the Board,''.

(2) SECTION 10.—Section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended—

(A) in subsection (c)—

(i) in the first sentence, by striking ''Board'' and inserting ''Federal home loan bank''; and

(ii) by striking the second sentence;

(B) in subsection (d)—

(i) in the first sentence, by striking ''and the approval of the Board''; and

(ii) by striking ''Subject to the approval of the Board, any'' and inserting ''Any''; and

(C) in subsection (j)(1)—

(i) by striking ''to subsidize the interest rate on advances'' and inserting ''to provide subsidies, including subsidized interest rates on advances'';

(ii) by striking ''Pursuant'' and inserting the following:

''(A) ESTABLISHMENT.—Pursuant''; and

(iii) by adding at the end the following new subparagraph:

''(B) NONDELEGATION OF APPROVAL AUTHORITY.—Subject to such regulations as the Finance Board may prescribe, the board of directors of each Federal home loan bank may approve or disapprove requests from members for Affordable Housing Program subsidies, and may not delegate such authority.''.

(g) SECTION 16.—Section 16(a) of the Federal Home Loan Bank Act (12 U.S.C. 1436(a)) is amended—

(1) in the third sentence—

(A) by striking ''net earnings'' and inserting ''previously retained earnings or current net earnings''; and

(B) by striking '', and then only with the approval of the Federal Housing Finance Board''; and

(2) by striking the fourth sentence.

(h) SECTION 18.—Section 18(b) of the Federal Home Loan Bank Act (12 U.S.C. 1438(b)) is amended by striking paragraph (4).

SEC. 167. RESOLUTION FUNDING CORPORATION.

(a) IN GENERAL.—Section 21B(f)(2)(C) of the Federal Home Loan Bank Act (12 U.S.C. 1441b(f)(2)(C)) is amended to read as follows:

''(C) PAYMENTS BY FEDERAL HOME LOAN BANKS.—

''(i) IN GENERAL.—To the extent that the amounts available pursuant to subparagraphs (A) and (B) are insufficient to cover the amount of interest payments, each Federal home loan bank shall pay to the Funding Corporation in each calendar year, 20.75 percent of the net earnings of that bank (after deducting expenses relating to section 10(j) and operating expenses).

''(ii) ANNUAL DETERMINATION.—The Board annually shall determine the extent to which the value of the aggregate amounts paid by the Federal home loan banks exceeds or falls short of the value of an annuity of $300,000,000 per year that commences on the issuance date and ends on the final scheduled maturity date of the obligations, and shall select appropriate present value factors for making such determinations.

''(iii) PAYMENT TERM ALTERATIONS.—The Board shall extend or shorten the term of the payment obligations of a Federal home loan bank under this subparagraph as necessary to ensure that the value of all payments made by the banks is equivalent to the value of an annuity referred to in clause (ii).

''(iv) TERM BEYOND MATURITY.—If the Board extends the term of payments beyond the final scheduled maturity date for the obligations, each Federal home loan bank shall continue to pay 20.75 percent of its net earnings (after deducting expenses relating to section 10(j) and operating expenses) to the Treasury of the United States until the value of all such payments by the Federal home loan banks is equivalent to the value of an annuity referred to in clause (ii). In the final year in which the Federal home loan banks are required to make any payment to the Treasury under this subparagraph, if the dollar amount represented by 20.75 percent of the net earnings of the Federal home loan banks exceeds the remaining obligation of the banks to the Treasury, the Finance Board shall reduce the percentage pro rata to a level sufficient to pay the remaining obligation.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1999. Payments made by a Federal home loan bank before that effective date shall be counted toward the total obligation of that bank under section 21B(f)(2)(C) of the Federal Home Loan Bank Act, as amended by this section.

SEC. 168. CAPITAL STRUCTURE OF FEDERAL HOME LOAN BANKS.

Section 6 of the Federal Home Loan Bank Act (12 U.S.C. 1426) is amended to read as follows:

''SEC. 6. CAPITAL STRUCTURE OF FEDERAL HOME LOAN BANKS.

''(a) REGULATIONS.—

''(1) CAPITAL STANDARDS.—Not later than 1 year after the date of the enactment of the Financial Services Act of 1999, the Finance Board shall issue regulations prescribing uniform capital standards applicable to each Federal home loan bank, which shall require each such bank to meet—

''(A) the leverage requirement specified in paragraph (2); and

''(B) the risk-based capital requirements, in accordance with paragraph (3).

''(2) LEVERAGE REQUIREMENT.—

''(A) IN GENERAL.—The leverage requirement shall require each Federal home loan bank to maintain a minimum amount of total capital based on the aggregate on-balance sheet assets of the bank and shall be 5 percent.

''(B) TREATMENT OF STOCK AND RETAINED EARNINGS.—In determining compliance with the minimum leverage ratio established under subparagraph (A), the paid-in value of the outstanding Class B stock shall be multiplied by 1.5, the paid-in value of the outstanding Class C stock and the amount of retained earnings shall be multiplied by 2.0, and such higher amounts shall be deemed to be capital for purposes of meeting the 5 percent minimum leverage ratio.

''(3) RISK-BASED CAPITAL STANDARDS.—

''(A) IN GENERAL.—Each Federal home loan bank shall maintain permanent capital in an amount that is sufficient, as determined in accordance with the regulations of the Finance Board, to meet—

''(i) the credit risk to which the Federal home loan bank is subject; and

''(ii) the market risk, including interest rate risk, to which the Federal home loan bank is subject, based on a stress test established by the Finance Board that rigorously tests for changes in market variables, including changes in interest rates, rate volatility, and changes in the shape of the yield curve.

''(B) CONSIDERATION OF OTHER RISK-BASED STANDARDS.—In establishing the risk-based standard under subparagraph (A)(ii), the Finance Board shall take due consideration of any risk-based capital test established pursuant to section 1361 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4611) for the enterprises (as defined in that Act), with such modifications as the Finance Board determines to be appropriate to reflect differences in operations between the Federal home loan banks and those enterprises.

''(4) OTHER REGULATORY REQUIREMENTS.—The regulations issued by the Finance Board under paragraph (1) shall—

''(A) permit each Federal home loan bank to issue, with such rights, terms, and preferences, not inconsistent with this Act and the regulations issued hereunder, as the board of directors of that bank may approve, any one or more of—

''(i) Class A stock, which shall be redeemable in cash and at par 6 months following submission by a member of a written notice of its intent to redeem such shares;

''(ii) Class B stock, which shall be redeemable in cash and at par 5 years following submission by a member of a written notice of its intent to redeem such shares; and

''(iii) Class C stock, which shall be nonredeemable;

''(B) provide that the stock of a Federal home loan bank may be issued to and held by only members of the bank, and that a bank may not issue any stock other than as provided in this section;

''(C) prescribe the manner in which stock of a Federal home loan bank may be sold, transferred, redeemed, or repurchased; and

''(D) provide the manner of disposition of outstanding stock held by, and the liquidation of any claims of the Federal home loan

bank against, an institution that ceases to be a member of the bank, through merger or otherwise, or that provides notice of intention to withdraw from membership in the bank.

''(5) DEFINITIONS OF CAPITAL.—For purposes of determining compliance with the capital standards established under this subsection—

''(A) permanent capital of a Federal home loan bank shall include (as determined in accordance with generally accepted accounting principles)—

''(i) the amounts paid for the Class C stock and any other nonredeemable stock approved by the Finance Board;

''(ii) the amounts paid for the Class B stock, in an amount not to exceed 1 percent of the total assets of the bank; and

''(iii) the retained earnings of the bank; and

''(B) total capital of a Federal home loan bank shall include—

''(i) permanent capital;

''(ii) the amounts paid for the Class A stock, Class B stock (excluding any amount treated as permanent capital under subparagraph (5)(A)(ii)), or any other class of redeemable stock approved by the Finance Board;

''(iii) consistent with generally accepted accounting principles, and subject to the regulation of the Finance Board, a general allowance for losses, which may not include any reserves or allowances made or held against specific assets; and

''(iv) any other amounts from sources available to absorb losses incurred by the bank that the Finance Board determines by regulation to be appropriate to include in determining total capital.

''(6) TRANSITION PERIOD.—Notwithstanding any other provisions of this Act, the requirements relating to purchase and retention of capital stock of a Federal home loan bank by any member thereof in effect on the day before the date of the enactment of the Federal Home Loan Bank System Modernization Act of 1999, shall continue in effect with respect to each Federal home loan bank until the regulations required by this subsection have taken effect and the capital structure plan required by subsection (b) has been approved by the Finance Board and implemented by such bank.

''(b) CAPITAL STRUCTURE PLAN.—

''(1) APPROVAL OF PLANS.—Not later than 270 days after the date of publication by the Finance Board of final regulations in accordance with subsection (a), the board of directors of each Federal home loan bank shall submit for Finance Board approval a plan establishing and implementing a capital structure for such bank that—

''(A) the board of directors determines is best suited for the condition and operation of the bank and the interests of the members of the bank;

''(B) meets the requirements of subsection (c); and

''(C) meets the minimum capital standards and requirements established under subsection (a) and other regulations prescribed by the Finance Board.

''(2) APPROVAL OF MODIFICATIONS.—The board of directors of a Federal home loan bank shall submit to the Finance Board for approval any modifications that the bank proposes to make to an approved capital structure plan.

''(c) CONTENTS OF PLAN.—The capital structure plan of each Federal home loan bank shall contain provisions addressing each of the following:

''(1) MINIMUM INVESTMENT.—

''(A) IN GENERAL.—Each capital structure plan of a Federal home loan bank shall require each member of the bank to maintain a minimum investment in the stock of the bank, the amount of which shall be determined in a manner to be prescribed by the board of directors of each bank and to be included as part of the plan.

''(B) INVESTMENT ALTERNATIVES.—

''(i) IN GENERAL.—In establishing the minimum investment required for each member under subparagraph (A), a Federal home loan bank may, in its discretion, include any one or more of the requirements referred to in clause (ii), or any other provisions approved by the Finance Board.

''(ii) AUTHORIZED REQUIREMENTS.—A requirement is referred to in this clause if it is a requirement for—

''(I) a stock purchase based on a percentage of the total assets of a member; or

''(II) a stock purchase based on a percentage of the outstanding advances from the bank to the member.

''(C) MINIMUM AMOUNT.—Each capital structure plan of a Federal home loan bank shall require that the minimum stock investment established for members shall be set at a level that is sufficient for the bank to meet the minimum capital requirements established by the Finance Board under subsection (a).

''(D) ADJUSTMENTS TO MINIMUM REQUIRED INVESTMENT.—The capital structure plan of each Federal home loan bank shall impose a continuing obligation on the board of directors of the bank to review and adjust the minimum investment required of each member of that bank, as necessary to ensure that the bank remains in compliance with applicable minimum capital levels established by the Finance Board, and shall require each member to comply promptly with any adjustments to the required minimum investment.

''(2) TRANSITION RULE.—

''(A) IN GENERAL.—The capital structure plan of each Federal home loan bank shall specify the date on which it shall take effect, and may provide for a transition period of not longer than 3 years to allow the bank to come into compliance with the capital requirements prescribed under subsection (a), and to allow any institution that was a member of the bank on the date of the enactment of the Financial Services Act of 1999, to come into compliance with the minimum investment required pursuant to the plan.

''(B) INTERIM PURCHASE REQUIREMENTS.—The capital structure plan of a Federal home loan bank may allow any member referred to in subparagraph (A) that would be required by the terms of the capital structure plan to increase its investment in the stock of the bank to do so in periodic installments during the transition period.

''(3) DISPOSITION OF SHARES.—The capital structure plan of a Federal home loan bank shall provide for the manner of disposition of any stock held by a member of that bank that terminates its membership or that provides notice of its intention to withdraw from membership in that bank.

''(4) CLASSES OF STOCK.—

''(A) IN GENERAL.—The capital structure plan of a Federal home loan bank shall afford each member of that bank the option of maintaining its required investment in the bank through the purchase of any combination of classes of stock authorized by the board of directors of the bank and approved by the Finance Board in accordance with its regulations.

''(B) RIGHTS REQUIREMENT.—A Federal home loan bank shall include in its capital structure plan provisions establishing terms, rights, and preferences, including minimum investment, dividends, voting, and liquidation preferences of each class of stock issued by the bank, consistent with Finance Board regulations and market requirements.

''(C) REDUCED MINIMUM INVESTMENT.—The capital structure plan of a Federal home loan bank may provide for a reduced minimum stock investment for any member of that bank that elects to purchase Class B, Class C, or any other class of nonredeemable stock, in a manner that is consistent with meeting the minimum capital requirements of the bank, as established by the Finance Board.

''(D) LIQUIDATION OF CLAIMS.—The capital structure plan of a Federal home loan bank shall provide for the liquidation in an orderly manner, as determined by the bank, of any claim of that bank against a member, including claims for any applicable prepayment fees or penalties resulting from prepayment of advances prior to stated maturity.

''(5) LIMITED TRANSFERABILITY OF STOCK.—The capital structure plan of a Federal home loan bank shall—

''(A) provide that—

''(i) any stock issued by that bank shall be available only to, held only by, and tradable only among members of that bank and between that bank and its members; and

''(ii) a bank has no obligation to repurchase its outstanding Class C stock but may do so, provided it is consistent with Finance Board regulations and is at a price that is mutually agreeable to the bank and the member; and

''(B) establish standards, criteria, and requirements for the issuance, purchase, transfer, retirement, and redemption of stock issued by that bank.

''(6) BANK REVIEW OF PLAN.—Before filing a capital structure plan with the Finance Board, each Federal home loan bank shall conduct a review of the plan by—

''(A) an independent certified public accountant, to ensure, to the extent possible, that implementation of the plan would not result in any write-down of the redeemable bank stock investment of its members; and

''(B) at least one major credit rating agency, to determine, to the extent possible, whether implementation of the plan would have any material effect on the credit ratings of the bank.

''(d) TERMINATION OF MEMBERSHIP.—

''(1) VOLUNTARY WITHDRAWAL.—Any member may withdraw from a Federal home loan bank by providing written notice to the bank of its intent to do so. The applicable stock redemption notice periods shall commence upon receipt of the notice by the bank. Upon the expiration of the applicable notice period for each class of redeemable stock, the member may surrender such stock to the bank, and shall be entitled to receive in cash the par value of the stock. During the applicable notice periods, the member shall be entitled to dividends and other membership rights commensurate with continuing stock ownership.

''(2) INVOLUNTARY WITHDRAWAL.—

''(A) IN GENERAL.—The board of directors of a Federal home loan bank may terminate the membership of any institution if, subject to Finance Board regulations, it determines that—

''(i) the member has failed to comply with a provision of this Act or any regulation prescribed under this Act; or

''(ii) the member has been determined to be insolvent, or otherwise subject to the appointment of a conservator, receiver, or other legal custodian, by a State or Federal authority with regulatory and supervisory responsibility for the member.

''(B) STOCK DISPOSITION.—An institution, the membership of which is terminated in accordance with subparagraph (A)—

''(i) shall surrender redeemable stock to the Federal home loan bank, and shall receive in cash the par value of the stock, upon the expiration of the applicable notice period under subsection (a)(4)(A);

''(ii) shall receive any dividends declared on its redeemable stock, during the applicable notice period under subsection (a)(4)(A); and

''(iii) shall not be entitled to any other rights or privileges accorded to members after the date of the termination.

''(C) COMMENCEMENT OF NOTICE PERIOD.—With respect to an institution, the membership of which is terminated in accordance with subparagraph (A), the applicable notice period under subsection (a)(4) for each class of redeemable stock shall commence on the earlier of—

''(i) the date of such termination; or

''(ii) the date on which the member has provided notice of its intent to redeem such stock.

''(3) LIQUIDATION OF INDEBTEDNESS.—Upon the termination of the membership of an institution for any reason, the outstanding indebtedness of the member to the bank shall be liquidated in an orderly manner, as determined by the bank and, upon the extinguishment of all such indebtedness, the bank shall return to the member all collateral pledged to secure the indebtedness.

''(e) REDEMPTION OF EXCESS STOCK.—

''(1) IN GENERAL.—A Federal home loan bank, in its sole discretion, may redeem or repurchase, as appropriate, any shares of Class A or Class B stock issued by the bank and held by a member that are in excess of the minimum stock investment required of that member.

''(2) EXCESS STOCK.—Shares of stock held by a member shall not be deemed to be 'excess stock' for purposes of this subsection by virtue of a member's submission of a notice of intent to withdraw from membership or termination of its membership in any other manner.

''(3) PRIORITY.—A Federal home loan bank may not redeem any excess Class B stock prior to the end of the 5-year notice period, unless the member has no Class A stock outstanding that could be redeemed as excess.

''(f) IMPAIRMENT OF CAPITAL.—If the Finance Board or the board of directors of a Federal home loan bank determines that the bank has incurred or is likely to incur losses that result in or are expected to result in charges against the capital of the bank, the bank shall not redeem or repurchase any stock of the bank without the prior approval of the Finance Board while such charges are continuing or are expected to continue. In no case may a bank redeem or repurchase any applicable capital stock if, following the redemption, the bank would fail to satisfy any minimum capital requirement.

''(g) REJOINING AFTER DIVESTITURE OF ALL SHARES.—

''(1) IN GENERAL.—Except as provided in paragraph (2), and notwithstanding any other provision of this Act, an institution that divests all shares of stock in a Federal home loan bank may not, after such divestiture, acquire shares of any Federal home loan bank before the end of the 5-year period beginning on the date of the completion of such divestiture, unless the divestiture is a consequence of a transfer of membership on an uninterrupted basis between banks.

''(2) EXCEPTION FOR WITHDRAWALS FROM MEMBERSHIP BEFORE 1998.—Any institution that withdrew from membership in any Federal home loan bank before December 31, 1997, may acquire shares of a Federal home loan bank at any time after that date, subject to the approval of the Finance Board and the requirements of this Act.

''(h) TREATMENT OF RETAINED EARNINGS.—

''(1) IN GENERAL.—The holders of the Class C stock of a Federal home loan bank, and any other classes of nonredeemable stock approved by the Finance Board (to the extent provided in the terms thereof), shall own the retained earnings, surplus, undivided profits, and equity reserves, if any, of the bank.

''(2) NO NONREDEEMABLE CLASSES OF STOCK.—If a Federal home loan bank has no outstanding Class C or other such nonredeemable stock, then the holders of any other classes of stock of the bank then outstanding shall have ownership in, and a private property right in, the retained earnings, surplus, undivided profits, and equity reserves, if any, of the bank.

''(3) EXCEPTION.—Except as specifically provided in this section or through the declaration of a dividend or a capital distribution by a Federal home loan bank, or in the event of liquidation of the bank, a member shall have no right to withdraw or otherwise receive distribution of any portion of the retained earnings of the bank.

''(4) LIMITATION.—A Federal home loan bank may not make any distribution of its retained earnings unless, following such distribution, the bank would continue to meet all applicable capital requirements.''.

Subtitle H—ATM Fee Reform

SEC. 171. SHORT TITLE.

This subtitle may be cited as the ''ATM Fee Reform Act of 1999''.

SEC. 172. ELECTRONIC FUND TRANSFER FEE DISCLOSURES AT ANY HOST ATM.

Section 904(d) of the Electronic Fund Transfer Act (15 U.S.C. 1693b(d)) is amended by adding at the end the following new paragraph:

''(3) FEE DISCLOSURES AT AUTOMATED TELLER MACHINES.—

''(A) IN GENERAL.—The regulations prescribed under paragraph (1) shall require any automated teller machine operator who imposes a fee on any consumer for providing host transfer services to such consumer to provide notice in accordance with subparagraph (B) to the consumer (at the time the service is provided) of—

''(i) the fact that a fee is imposed by such operator for providing the service; and

''(ii) the amount of any such fee.

''(B) NOTICE REQUIREMENTS.—

''(i) ON THE MACHINE.—The notice required under clause (i) of subparagraph (A) with respect to any fee described in such subparagraph shall be posted in a prominent and conspicuous location on or at the automated teller machine at which the electronic fund transfer is initiated by the consumer; and

''(ii) ON THE SCREEN.—The notice required under clauses (i) and (ii) of subparagraph (A) with respect to any fee described in such subparagraph shall appear on the screen of the automated teller machine, or on a paper notice issued from such machine, after the transaction is initiated and before the consumer is irrevocably committed to completing the transaction.

''(C) PROHIBITION ON FEES NOT PROPERLY DISCLOSED AND EXPLICITLY ASSUMED BY CONSUMER.—No fee may be imposed by any automated teller machine operator in connection with any electronic fund transfer initiated by a consumer for which a notice is required under subparagraph (A), unless—

''(i) the consumer receives such notice in accordance with subparagraph (B); and

''(ii) the consumer elects to continue in the manner necessary to effect the transaction after receiving such notice.

''(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

''(i) ELECTRONIC FUND TRANSFER.—The term 'electronic fund transfer' includes a transaction which involves a balance inquiry initiated by a consumer in the same manner as an electronic fund transfer, whether or not the consumer initiates a transfer of funds in the course of the transaction.

''(ii) AUTOMATED TELLER MACHINE OPERATOR.—The term 'automated teller machine operator' means any person who—

''(I) operates an automated teller machine at which consumers initiate electronic fund transfers; and

''(II) is not the financial institution which holds the account of such consumer from which the transfer is made.

''(iii) HOST TRANSFER SERVICES.—The term 'host transfer services' means any electronic fund transfer made by an automated teller machine operator in connection with a transaction initiated by a consumer at an automated teller machine operated by such operator.''.

SEC. 173. DISCLOSURE OF POSSIBLE FEES TO CONSUMERS WHEN ATM CARD IS ISSUED.

Section 905(a) of the Electronic Fund Transfer Act (15 U.S.C. 1693c(a)) is amended—

(1) by striking ''and'' at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting ''; and''; and

(3) by inserting after paragraph (9) the following new paragraph:

''(10) a notice to the consumer that a fee may be imposed by—

''(A) an automated teller machine operator (as defined in section 904(d)(3)(D)(ii)) if the consumer initiates a transfer from an automated teller machine which is not operated by the person issuing the card or other means of access; and

''(B) any national, regional, or local network utilized to effect the transaction.''.

SEC. 174. FEASIBILITY STUDY.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the feasibility of requiring, in connection with any electronic fund transfer initiated by a consumer through the use of an automated teller machine—

(1) a notice to be provided to the consumer before the consumer is irrevocably committed to completing the transaction, which clearly states the amount of any fee which will be imposed upon the consummation of the transaction by—

(A) any automated teller machine operator (as defined in section 904(d)(3)(D)(ii) of the Electronic Fund Transfer Act) involved in the transaction;

(B) the financial institution holding the account of the consumer;

(C) any national, regional, or local network utilized to effect the transaction; and

(D) any other party involved in the transfer; and

(2) the consumer to elect to consummate the transaction after receiving the notice described in paragraph (1).

(b) FACTORS TO BE CONSIDERED.—In conducting the study required under subsection

(a) with regard to the notice requirement described in such subsection, the Comptroller General shall consider the following factors:

(1) The availability of appropriate technology.

(2) Implementation and operating costs.

(3) The competitive impact any such notice requirement would have on various sizes and types of institutions, if implemented.

(4) The period of time which would be reasonable for implementing any such notice requirement.

(5) The extent to which consumers would benefit from any such notice requirement.

(6) Any other factor the Comptroller General determines to be appropriate in analyzing the feasibility of imposing any such notice requirement.

(c) REPORT TO THE CONGRESS.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress containing—

(1) the findings and conclusions of the Comptroller General in connection with the study required under subsection (a); and

(2) the recommendation of the Comptroller General with regard to the question of whether a notice requirement described in subsection (a) should be implemented and, if so, how such requirement should be implemented.

SEC. 175. NO LIABILITY IF POSTED NOTICES ARE DAMAGED.

Section 910 of the Electronic Fund Transfer Act (15 U.S.C 1693h) is amended by adding at the end the following new subsection:

''(d) EXCEPTION FOR DAMAGED NOTICES.—If the notice required to be posted pursuant to section 904(d)(3)(B)(i) by an automated teller machine operator has been posted by such operator in compliance with such section and the notice is subsequently removed, damaged, or altered by any person other than the operator of the automated teller machine, the operator shall have no liability under this section for failure to comply with section 904(d)(3)(B)(i).''.

Subtitle I—Direct Activities of Banks

SEC. 181. AUTHORITY OF NATIONAL BANKS TO UNDERWRITE CERTAIN MUNICIPAL BONDS.

The paragraph designated the Seventh of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24(7)) is amended by adding at the end the following new sentence: ''In addition to the provisions in this paragraph for dealing in, underwriting or purchasing securities, the limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account shall not apply to obligations (including limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of the Internal Revenue Code of 1986) issued by or on behalf of any State or political subdivision of a State, including any municipal corporate instrumentality of one or more States, or any public agency or authority of any State or political subdivision of a State, if the national bank is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act).''.

Subtitle J—Deposit Insurance Funds

SEC. 186. STUDY OF SAFETY AND SOUNDNESS OF FUNDS.

(a) STUDY REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation shall conduct a study of the following issues with regard to the Bank Insurance Fund and the Savings Association Insurance Fund:

(1) SAFETY AND SOUNDNESS.—The safety and soundness of the funds and the adequacy of the reserve requirements applicable to the funds in light of—

(A) the size of the insured depository institutions which are resulting from mergers and consolidations since the effective date of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994; and

(B) the affiliation of insured depository institutions with other financial institutions pursuant to this Act and the amendments made by this Act.

(2) CONCENTRATION LEVELS.—The concentration levels of the funds, taking into account the number of members of each fund and the geographic distribution of such members, and the extent to which either fund is exposed to higher risks due to a regional concentration of members or an insufficient membership base relative to the size of member institutions.

(3) MERGER ISSUES.—Issues relating to the planned merger of the funds, including the cost of merging the funds and the manner in which such costs will be distributed among the members of the respective funds.

(b) REPORT REQUIRED.—

(1) IN GENERAL.—Before the end of the 9-month period beginning on the date of the enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation shall submit a report to the Congress on the study conducted pursuant to subsection (a).

(2) CONTENTS OF REPORT.—The report shall include—

(A) detailed findings of the Board of Directors with regard to the issues described in subsection (a);

(B) a description of the plans developed by the Board of Directors for merging the Bank Insurance Fund and the Savings Association Insurance Fund, including an estimate of the amount of the cost of such merger which would be borne by Savings Association Insurance Fund members; and

(C) such recommendations for legislative and administrative action as the Board of Directors determines to be necessary or appropriate to preserve the safety and soundness of the deposit insurance funds, reduce the risks to such funds, provide for an efficient merger of such funds, and for other purposes.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) INSURED DEPOSITORY INSTITUTION.—The term ''insured depository institution'' has the same meaning as in section 3(c) of the Federal Deposit Insurance Act.

(2) BIF AND SAIF MEMBERS.—The terms ''Bank Insurance Fund member'' and ''Savings Association Insurance Fund member'' have the same meanings as in section 7(l) of the Federal Deposit Insurance Act.

SEC. 187. ELIMINATION OF SAIF AND DIF SPECIAL RESERVES.

(a) SAIF SPECIAL RESERVES.—Section 11(a)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6)) is amended by striking subparagraph (L).

(b) DIF SPECIAL RESERVES.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is amended—

(1) by striking subsection (b); and

(2) in subsection (d)—

(A) by striking paragraph (4);

(B) in paragraph (6)(C)(i), by striking ''(6) and (7)'' and inserting ''(5), (6), and (7)''; and

(C) in paragraph (6)(C), by striking clause (ii) and inserting the following:

''(ii) by redesignating paragraph (8) as paragraph (5).''.

Subtitle K—Miscellaneous Provisions

SEC. 191. TERMINATION OF "KNOW YOUR CUSTOMER" REGULATIONS.

(a) IN GENERAL.—None of the proposed regulations described in subsection (b) may be published in final form and, to the extent any such regulation has become effective before the date of the enactment of this Act, such regulation shall cease to be effective as of such date.

(b) PROPOSED REGULATIONS DESCRIBED.—The proposed regulations referred to in subsection (a) are as follows:

(1) The regulation proposed by the Comptroller of the Currency to amend part 21 of title 12 of the Code of Federal Regulations, as published in the Federal Register on December 7, 1998.

(2) The regulation proposed by the Director of the Office of Thrift Supervision to amend part 563 of title 12 of the Code of Federal Regulations, as published in the Federal Register on December 7, 1998.

(3) The regulation proposed by the Board of Governors of the Federal Reserve System to amend parts 208, 211, and 225 of title 12 of the Code of Federal Regulations, as published in the Federal Register on December 7, 1998.

(4) The regulation proposed by the Federal Deposit Insurance Corporation to amend part 326 of title 12 of the Code of Federal Regulations, as published in the Federal Register on December 7, 1998.

SEC. 192. STUDY AND REPORT ON FEDERAL ELECTRONIC FUND TRANSFERS.

(a) STUDY.—The Secretary of the Treasury shall conduct a feasibility study to determine—

(1) whether all electronic payments issued by Federal agencies could be routed through the Regional Finance Centers of the Department of the Treasury for verification and reconciliation;

(2) whether all electronic payments made by the Federal Government could be subjected to the same level of reconciliation as United States Treasury checks, including matching each payment issued with each corresponding deposit at financial institutions;

(3) whether the appropriate computer security controls are in place in order to ensure the integrity of electronic payments;

(4) the estimated costs of implementing, if so recommended, the processes and controls described in paragraphs (1), (2), and (3); and

(5) a possible timetable for implementing those processes if so recommended.

(b) REPORT TO CONGRESS.—Not later than October 1, 2000, the Secretary of the Treasury shall submit a report to Congress containing the results of the study required by subsection (a).

(c) DEFINITION.—For purposes of this section, the term ''electronic payment'' means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tapes so as to order, instruct, or authorize a debit or credit to a financial account.

SEC. 193. GENERAL ACCOUNTING OFFICE STUDY OF CONFLICTS OF INTEREST

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study analyzing the conflict of interest faced by the Board of Governors of the Federal Reserve System between its role as a primary regulator of the banking industry and its role as a vendor of services to the banking and financial services industry.

(b) SPECIFIC CONFLICT REQUIRED TO BE ADDRESSED.—In the course of the study required under subsection (a), the Comptroller

General shall address the conflict of interest faced by the Board of Governors of the Federal Reserve System between the role of the Board as a regulator of the payment system, generally, and its participation in the payment system as a competitor with private entities who are providing payment services.

(c) REPORT TO CONGRESS.—Before the end of the 1-year period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress containing the findings and conclusions of the Comptroller General in connection with the study required under this section, together with such recommendations for such legislative or administrative actions as the Comptroller General may determine to be appropriate, including recommendations for resolving any such conflict of interest.

SEC. 194. STUDY OF COST OF ALL FEDERAL BANKING REGULATIONS.

(a) IN GENERAL.—In accordance with the finding in the Board of Governors of the Federal Reserve System Staff Study Numbered 171 (April, 1998) that ''Further research covering more and different types of regulations and regulatory requirements is clearly needed to make informed decisions about regulations'', the Board of Governors of the Federal Reserve System, in consultation with the other Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act) shall conduct a comprehensive study of the total annual costs and benefits of all Federal financial regulations and regulatory requirements applicable to banks.

(b) REPORT REQUIRED.—Before the end of the 2-year period beginning on the date of the enactment of this Act, the Board of Governors of the Federal Reserve System shall submit a comprehensive report to the Congress containing the findings and conclusions of the Board in connection with the study required under subsection (a) and such recommendations for legislative and administrative action as the Board may determine to be appropriate.

SEC. 195. STUDY AND REPORT ON ADAPTING EXISTING LEGISLATIVE REQUIREMENTS TO ONLINE BANKING AND LENDING.

(a) STUDY REQUIRED.—The Federal banking agencies shall conduct a study of banking regulations regarding the delivery of financial services, including those regulations that may assume that there will be person-to-person contact during the course of a financial services transaction, and report their recommendations on adapting those existing requirements to online banking and lending.

(b) REPORT REQUIRED.—Within 1 year of the date of the enactment of this Act, the Federal banking agencies shall submit a report to the Congress on the findings and conclusions of the agencies with respect to the study required under subsection (a), together with such recommendations for legislative or regulatory action as the agencies may determine to be appropriate.

(c) DEFINITION.—For purposes of this section, the term ''Federal banking agencies'' means each Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act).

SEC. 196. REGULATION OF UNINSURED STATE MEMBER BANKS.

Section 9 of the Federal Reserve Act (12 U.S.C. 321 et seq.) is amended by adding at the end the following new paragraph:

''(24) ENFORCEMENT AUTHORITY OVER UNINSURED STATE MEMBER BANKS.—Section 3(u) of the Federal Deposit Insurance Act, subsections (j) and (k) of section 7 of such Act, and subsections (b) through (n), (s), (u), and (v) of section 8 of such Act shall apply to an uninsured State member bank in the same manner and to the same extent such provisions apply to an insured State member bank and any reference in any such provision to 'insured depository institution' shall be deemed to be a reference to 'uninsured State member bank' for purposes of this paragraph.''.

SEC. 197. CLARIFICATION OF SOURCE OF STRENGTH DOCTRINE.

Section 18 of the Federal Deposit Insurance Act (21 U.S.C. 1828) is amended by adding at the end the following new subsection:

''(t) LIMITATION ON CLAIMS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law other than paragraph (2), no person shall have any claim for monetary damages or return of assets or other property against any Federal banking agency (including in its capacity as conservator or receiver) relating to the transfer of money, assets, or other property to increase the capital of an insured depository institution by any depository institution holding company or controlling shareholder for such depository institution, or any affiliate or subsidiary of such depository institution, if at the time of the transfer—

''(A) the insured depository institution is subject to any direction issued in writing by a Federal banking agency to increase its capital;

''(B) the depository institution is undercapitalized, significantly undercapitalized, or critically undercapitalized (as defined in section 38 of this Act); and

''(C) for that portion of the transfer that is made by an entity covered by section 5(g) of the Bank Holding Company Act of 1956 or section 45 of this Act, the Federal banking agency has followed the procedure set forth in such section.

''(2) EXCEPTION.—No provision of this subsection shall be construed as limiting—

''(A) the right of an insured depository institution, a depository institution holding company, or any other agency or person to seek direct review of an order or directive issued by a Federal banking agency under this Act, the Bank Holding Company Act of 1956, the National Bank Receivership Act, the Bank Conservation Act, or the Home Owners' Loan Act;

''(B) the rights of any party to a contract pursuant to section 11(e) of this Act; or

''(C) the rights of any party to a contract with a depository institution holding company or a subsidiary of a depository institution holding company (other than an insured depository institution).''.

SEC. 198. INTEREST RATES AND OTHER CHARGES AT INTERSTATE BRANCHES.

Section 44 of the Federal Deposit Insurance Act (12 U.S.C. 1831u) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following:

''(f) APPLICABLE RATE AND OTHER CHARGE LIMITATIONS.—

''(1) IN GENERAL.—Except as provided for in paragraph (3), upon the establishment of a branch of any insured depository institution in a host State under this section, the maximum interest rate or amount of interest, discount points, finance charges, or other similar charges that may be charged, taken, received, or reserved from time to time in any loan or discount made or upon any note, bill of exchange, financing transaction, or other evidence of debt by any insured depository institution in such State shall be equal to not more than the greater of—

''(A) the maximum interest rate or amount of interest, discount points, finance charges, or other similar charges that may be charged, taken, received, or reserved in a similar transaction under the constitution, statutory, or other lows of the home State of the insured depository institution establishing any such branch, without reference to this section, as such maximum interest rate or amount of interest may change from time to time; or

''(B) the maximum rate or amount of interest, discount points, finance charges, or other similar charges that may be charged, taken, received, or reserved in a similar transaction by an insured depository institution under the constitution, statutory, or other laws of the host State, without reference to this section.

''(2) PREEMPTION.—The limitations established under paragraph (1) shall apply only in any State that has a constitutional provision that sets a maximum lawful rate of interest on any contract at not more than 5 percent per annum above the Federal Reserve Discount Rate or 90-day commercial paper in effect in the Federal Reserve Bank in the Federal Reserve District in which the State is located.

''(3) RULE OF CONSTRUCTION.—No provision of this subsection shall be construed as superseding section 501 of the Depository Institutions Deregulation and Monetary Control Act of 1980.''.

SEC. 198A. INTERSTATE BRANCHES AND AGENCIES OF FOREIGN BANKS.

Section 5(a)(7) of the International Banking Act of 1978 (12 U.S.C. 3103(a)(7)), is amended to read as follows:

''(7) ADDITIONAL AUTHORITY FOR INTERSTATE BRANCHES AND AGENCIES OF FOREIGN BANKS, UPGRADES OF CERTAIN FOREIGN BANK AGENCIES AND BRANCHES.—Notwithstanding paragraphs (1) and (2), a foreign bank may—

''(A) with the approval of the Board and the Comptroller of the Currency, establish and operate a Federal branch or Federal agency or, with the approval of the Board and the appropriate State bank supervisor, a State branch or State agency in any State outside the foreign bank's home State if—

''(i) the establishment and operation of such branch or agency is permitted by the State in which the branch or agency is to be established; and

''(ii) in the case of a Federal or State branch, the branch receives only such deposits as would be permitted for a corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.); or

''(B) with the approval of the Board and the relevant licensing authority (the Comptroller in the case of a Federal branch or the appropriate State supervisor in the case of a State branch), upgrade an agency, or a branch of the type referred to in subparagraph (A)(ii), located in a State outside the foreign bank's home State, into a Federal or State branch if—

''(i) the establishment and operation of such branch is permitted by such State; and

''(ii) such agency or branch—

''(I) was in operation in such State on the day before September 29, 1994; or

''(II) has been in operation in such State for a period of time that meets the State's minimum age requirement permitted under section 44(a)(5) of the Federal Deposit Insurance Act.''.

SEC. 198B. FAIR TREATMENT OF WOMEN BY FINANCIAL ADVISERS.

(a) FINDINGS.—The Congress finds as follows:

(1) Women's stature in society has risen considerably, as they are now able to vote, own property, and pursue independent careers, and are granted equal protection under the law.

(2) Women are at least as fiscally responsible as men, and more than half of all women have sole responsibility for balancing the family checkbook and paying the bills.

(3) Estate planners, trust officers, investment advisers, and other financial planners and advisers still encourage the unjust and outdated practice of leaving assets in trust for the category of wives and daughters, along with senile parents, minors, and mentally incompetent children.

(4) Estate planners, trust officers, investment advisers, and other financial planners and advisers still use sales themes and tactics detrimental to women by stereotyping women as uncomfortable handling money and needing protection from their own possible errors of judgment and ''fortune hunters''.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that estate planners, trust officers, investment advisers, and other financial planners and advisers should—

(1) eliminate examples in their training materials which portray women as incapable and foolish; and

(2) develop fairer and more balanced presentations that eliminate outmoded and stereotypical examples which lead clients to take actions that are financially detrimental to their wives and daughters.

Subtitle L—Effective Date of Title

SEC. 199. EFFECTIVE DATE.

Except with regard to any subtitle or other provision of this title for which a specific effective date is provided, this title and the amendments made by this title shall take effect at the end of the 180-day period beginning on the date of the enactment of this Act.

TITLE II—FUNCTIONAL REGULATION

Subtitle A—Brokers and Dealers

SEC. 201. DEFINITION OF BROKER.

Section 3(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)) is amended to read as follows:

''(4) BROKER.—

''(A) IN GENERAL.—The term 'broker' means any person engaged in the business of effecting transactions in securities for the account of others.

''(B) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a broker because the bank engages in any one or more of the following activities under the conditions described:

''(i) THIRD PARTY BROKERAGE ARRANGEMENTS.—The bank enters into a contractual or other written arrangement with a broker or dealer registered under this title under which the broker or dealer offers brokerage services on or off the premises of the bank if—

''(I) such broker or dealer is clearly identified as the person performing the brokerage services;

''(II) the broker or dealer performs brokerage services in an area that is clearly marked and, to the extent practicable, physically separate from the routine deposit-taking activities of the bank;

''(III) any materials used by the bank to advertise or promote generally the availability of brokerage services under the arrangement clearly indicate that the brokerage services are being provided by the broker or dealer and not by the bank;

''(IV) any materials used by the bank to advertise or promote generally the availability of brokerage services under the arrangement are in compliance with the Federal securities laws before distribution;

''(V) bank employees (other than associated persons of a broker or dealer who are qualified pursuant to the rules of a self-regulatory organization) perform only clerical or ministerial functions in connection with brokerage transactions including scheduling appointments with the associated persons of a broker or dealer, except that bank employees may forward customer funds or securities and may describe in general terms the types of investment vehicles available from the bank and the broker or dealer under the arrangement;

''(VI) bank employees do not receive incentive compensation for any brokerage transaction unless such employees are associated persons of a broker or dealer and are qualified pursuant to the rules of a self-regulatory organization, except that the bank employees may receive compensation for the referral of any customer if the compensation is a nominal one-time cash fee of a fixed dollar amount and the payment of the fee is not contingent on whether the referral results in a transaction;

''(VII) such services are provided by the broker or dealer on a basis in which all customers which receive any services are fully disclosed to the broker or dealer;

''(VIII) the bank does not carry a securities account of the customer except as permitted under clause (ii) or (viii) of this subparagraph; and

''(IX) the bank, broker, or dealer informs each customer that the brokerage services are provided by the broker or dealer and not by the bank and that the securities are not deposits or other obligations of the bank, are not guaranteed by the bank, and are not insured by the Federal Deposit Insurance Corporation.

''(ii) TRUST ACTIVITIES.—The bank effects transactions in a trustee or fiduciary capacity in its trust department, or another department where the trust or fiduciary activity is regularly examined by bank examiners under the same standards and in the same way as such activities are examined in the trust department, and—

''(I) is chiefly compensated for such transactions, consistent with fiduciary principles and standards, on the basis of an administration or annual fee (payable on a monthly, quarterly, or other basis), a percentage of assets under management, or a flat or capped per order processing fee equal to not more than the cost incurred by the bank in connection with executing securities transactions for trustee and fiduciary customers, or any combination of such fees; and

''(II) does not solicit brokerage business, other than by advertising that it effects transactions in securities in conjunction with advertising its other trust activities.

''(iii) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank effects transactions in—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(iv) CERTAIN STOCK PURCHASE PLANS.—

''(I) EMPLOYEE BENEFIT PLANS.—The bank effects transactions, as a registered transfer agent (including as a registrar of stocks), in the securities of an issuer as part of any pension, retirement, profit-sharing, bonus, thrift, savings, incentive, or other similar benefit plan for the employees of that issuer or its affiliates (as defined in section 2 of the Bank Holding Company Act of 1956), if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan; and

''(bb) the bank's compensation for such plan or program consists chiefly of administration fees, or flat or capped per order processing fees, or both.

''(II) DIVIDEND REINVESTMENT PLANS.—The bank effects transactions, as a registered transfer agent (including as a registrar of stocks), in the securities of an issuer as part of that issuer's dividend reinvestment plan, if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan;

''(bb) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission; and

''(cc) the bank's compensation for such plan or program consists chiefly of administration fees, or flat or capped per order processing fees, or both.

''(III) ISSUER PLANS.—The bank effects transactions, as a registered transfer agent (including as a registrar of stocks), in the securities of an issuer as part of that issuer's plan for the purchase or sale of that issuer's shares, if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan or program;

''(bb) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission; and

''(cc) the bank's compensation for such plan or program consists chiefly of administration fees, or flat or capped per order processing fees, or both.

''(IV) PERMISSIBLE DELIVERY OF MATERIALS.—The exception to being considered a broker for a bank engaged in activities described in subclauses (I), (II), and (III) will not be affected by a bank's delivery of written or electronic plan materials to employees of the issuer, shareholders of the issuer, or members of affinity groups of the issuer, so long as such materials are—

''(aa) comparable in scope or nature to that permitted by the Commission as of the date of the enactment of the Financial Services Act of 1999; or

''(bb) otherwise permitted by the Commission.

''(v) SWEEP ACCOUNTS.—The bank effects transactions as part of a program for the investment or reinvestment of deposit funds into any no-load, open-end management investment company registered under the Investment Company Act of 1940 that holds itself out as a money market fund.

''(vi) AFFILIATE TRANSACTIONS.—The bank effects transactions for the account of any affiliate (as defined in section 2 of the Bank Holding Company Act of 1956) of the bank other than—

''(I) a registered broker or dealer; or

''(II) an affiliate that is engaged in merchant banking, as described in section

6(c)(3)(H) of the Bank Holding Company Act of 1956.

''(vii) PRIVATE SECURITIES OFFERINGS.—The bank—

''(I) effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933 or the rules and regulations issued thereunder;

''(II) at any time after the date that is 1 year after the date of the enactment of the Financial Services Act of 1999, is not affiliated with a broker or dealer that has been registered for more than 1 year in accordance with this Act, and engages in dealing, market making, or underwriting activities, other than with respect to exempted securities; and

''(III) effects transactions exclusively with qualified investors.

''(viii) SAFEKEEPING AND CUSTODY ACTIVITIES.—

''(I) IN GENERAL.—The bank, as part of customary banking activities—

''(aa) provides safekeeping or custody services with respect to securities, including the exercise of warrants and other rights on behalf of customers;

''(bb) facilitates the transfer of funds or securities, as a custodian or a clearing agency, in connection with the clearance and settlement of its customers' transactions in securities;

''(cc) effects securities lending or borrowing transactions with or on behalf of customers as part of services provided to customers pursuant to division (aa) or (bb) or invests cash collateral pledged in connection with such transactions; or

''(dd) holds securities pledged by a customer to another person or securities subject to purchase or resale agreements involving a customer, or facilitates the pledging or transfer of such securities by book entry or as otherwise provided under applicable law, if the bank maintains records separately identifying the securities and the customer.

''(II) EXCEPTION FOR CARRYING BROKER ACTIVITIES.—The exception to being considered a broker for a bank engaged in activities described in subclause (I) shall not apply if the bank, in connection with such activities, acts in the United States as a carrying broker (as such term, and different formulations thereof, are used in section 15(c)(3) of this title and the rules and regulations thereunder) for any broker or dealer, unless such carrying broker activities are engaged in with respect to government securities (as defined in paragraph (42) of this subsection).

''(ix) EXCEPTED BANKING PRODUCTS.—The bank effects transactions in excepted banking products, as defined in section 206 of the Financial Services Act of 1999.

''(x) MUNICIPAL SECURITIES.—The bank effects transactions in municipal securities.

''(xi) DE MINIMIS EXCEPTION.—The bank effects, other than in transactions referred to in clauses (i) through (x), not more than 500 transactions in securities in any calendar year, and such transactions are not effected by an employee of the bank who is also an employee of a broker or dealer.

''(C) BROKER DEALER EXECUTION.—The exception to being considered a broker for a bank engaged in activities described in clauses (ii), (iv), and (viii) of subparagraph (B) shall not apply if the activities described in such provisions result in the trade in the United States of any security that is a publicly traded security in the United States, unless—

''(i) the bank directs such trade to a registered broker or dealer for execution;

''(ii) the trade is a cross trade or other substantially similar trade of a security that—

''(I) is made by the bank or between the bank and an affiliated fiduciary; and

''(II) is not in contravention of fiduciary principles established under applicable Federal or State law; or

''(iii) the trade is conducted in some other manner permitted under rules, regulations, or orders as the Commission may prescribe or issue.

''(D) FIDUCIARY CAPACITY.—For purposes of subparagraph (B)(ii), the term 'fiduciary capacity' means—

''(i) in the capacity as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian under a uniform gift to minor act, or as an investment adviser if the bank receives a fee for its investment advice;

''(ii) in any capacity in which the bank possesses investment discretion on behalf of another; or

''(iii) in any other similar capacity.

''(F) EXCEPTION FOR ENTITIES SUBJECT TO SECTION 15(e).—The term 'broker' does not include a bank that—

''(i) was, immediately prior to the enactment of the Financial Services Act of 1999, subject to section 15(e) of this title; and

''(ii) is subject to such restrictions and requirements as the Commission considers appropriate.''.

SEC. 202. DEFINITION OF DEALER.

Section 3(a)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(5)) is amended to read as follows:

''(5) DEALER.—

''(A) IN GENERAL.—The term 'dealer' means any person engaged in the business of buying and selling securities for such person's own account through a broker or otherwise.

''(B) EXCEPTION FOR PERSON NOT ENGAGED IN THE BUSINESS OF DEALING.—The term 'dealer' does not include a person that buys or sells securities for such person's own account, either individually or in a fiduciary capacity, but not as a part of a regular business.

''(C) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a dealer because the bank engages in any of the following activities under the conditions described:

''(i) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank buys or sells—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes of the United States, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(ii) INVESTMENT, TRUSTEE, AND FIDUCIARY TRANSACTIONS.—The bank buys or sells securities for investment purposes—

''(I) for the bank; or

''(II) for accounts for which the bank acts as a trustee or fiduciary.

''(iii) ASSET-BACKED TRANSACTIONS.—The bank engages in the issuance or sale to qualified investors, through a grantor trust or other separate entity, of securities backed by or representing an interest in notes, drafts, acceptances, loans, leases, receivables, other obligations (other than securities of which the bank is not the issuer), or pools of any such obligations predominantly originated by—

''(I) the bank;

''(II) an affiliate of any such bank other than a broker or dealer; or

''(III) a syndicate of banks of which the bank is a member, if the obligations or pool of obligations consists of mortgage obligations or consumer-related receivables.

''(iv) EXCEPTED BANKING PRODUCTS.—The bank buys or sells excepted banking products, as defined in section 206 of the Financial Services Act of 1999.

''(v) DERIVATIVE INSTRUMENTS.—The bank issues, buys, or sells any derivative instrument to which the bank is a party—

''(I) to or from a qualified investor, except that if the instrument provides for the delivery of one or more securities (other than a derivative instrument or government security), the transaction shall be effected with or through a registered broker or dealer; or

''(II) to or from other persons, except that if the derivative instrument provides for the delivery of one or more securities (other than a derivative instrument or government security), or is a security (other than a government security), the transaction shall be effected with or through a registered broker or dealer; or

''(III) to or from any person if the instrument is neither a security nor provides for the delivery of one or more securities (other than a derivative instrument).''.

SEC. 203. REGISTRATION FOR SALES OF PRIVATE SECURITIES OFFERINGS.

Section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3) is amended by inserting after subsection (i) the following new subsection:

''(j) REGISTRATION FOR SALES OF PRIVATE SECURITIES OFFERINGS.—A registered securities association shall create a limited qualification category for any associated person of a member who effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder, and shall deem qualified in such limited qualification category, without testing, any bank employee who, in the six month period preceding the date of the enactment of this Act, engaged in effecting such sales.''.

SEC. 204. INFORMATION SHARING.

Section 18 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(t) RECORDKEEPING REQUIREMENTS.—

''(1) REQUIREMENTS.—Each appropriate Federal banking agency, after consultation with and consideration of the views of the Commission, shall establish recordkeeping requirements for banks relying on exceptions contained in paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934. Such recordkeeping requirements shall be sufficient to demonstrate compliance with the terms of such exceptions and be designed to facilitate compliance with such exceptions. Each appropriate Federal banking agency shall make any such information available to the Commission upon request.

''(2) DEFINITIONS.—As used in this subsection the term 'Commission' means the Securities and Exchange Commission.''.

SEC. 205. TREATMENT OF NEW HYBRID PRODUCTS.

Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following new subsection:

''(i) RULEMAKING TO EXTEND REQUIREMENTS TO NEW HYBRID PRODUCTS.—

''(1) LIMITATION.—The Commission shall not—

''(A) require a bank to register as a broker or dealer under this section because the bank engages in any transaction in, or buys or sells, a new hybrid product; or

''(B) bring an action against a bank for a failure to comply with a requirement described in subparagraph (A),

unless the Commission has imposed such requirement by rule or regulation issued in accordance with this section.

''(2) CRITERIA FOR RULEMAKING.—The Commission shall not impose a requirement under paragraph (1) of this subsection with respect to any new hybrid product unless the Commission determines that—

''(A) the new hybrid product is a security; and

''(B) imposing such requirement is necessary or appropriate in the public interest and for the protection of investors, consistent with the requirements of section 3(f).

''(3) CONSIDERATIONS.—In making a determination under paragraph (2), the Commission shall consider—

''(A) the nature of the new hybrid product; and

''(B) the history, purpose, extent, and appropriateness of the regulation of the new hybrid product under the Federal securities laws and under the Federal banking laws.

''(4) CONSULTATION.—In promulgating rules under this subsection, the Commission shall consult with and consider the views of the Board of Governors of the Federal Reserve System regarding the nature of the new hybrid product, the history, purpose, extent, and appropriateness of the regulation of the new product under the Federal banking laws, and the impact of the proposed rule on the banking industry.

''(5) NEW HYBRID PRODUCT.—For purposes of this subsection, the term 'new hybrid product' means a product that—

''(A) was not subjected to regulation by the Commission as a security prior to the date of the enactment of this subsection; and

''(B) is not an excepted banking product, as such term is defined in section 206 of the Financial Services Act of 1999.''.

SEC. 206. DEFINITION OF EXCEPTED BANKING PRODUCT.

(a) DEFINITION OF EXCEPTED BANKING PRODUCT.—For purposes of paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a) (4), (5)), the term ''excepted banking product'' means—

(1) a deposit account, savings account, certificate of deposit, or other deposit instrument issued by a bank;

(2) a banker's acceptance;

(3) a letter of credit issued or loan made by a bank;

(4) a debit account at a bank arising from a credit card or similar arrangement;

(5) a participation in a loan which the bank or an affiliate of the bank (other than a broker or dealer) funds, participates in, or owns that is sold—

(A) to qualified investors; or

(B) to other persons that—

(i) have the opportunity to review and assess any material information, including information regarding the borrower's creditworthiness; and

(ii) based on such factors as financial sophistication, net worth, and knowledge and experience in financial matters, have the capability to evaluate the information available, as determined under generally applicable banking standards or guidelines; or

(6) a derivative instrument that involves or relates to—

(A) currencies, except options on currencies that trade on a national securities exchange;

(B) interest rates, except interest rate derivative instruments that—

(i) are based on a security or a group or index of securities (other than government securities or a group or index of government securities);

(ii) provide for the delivery of one or more securities (other than government securities); or

(iii) trade on a national securities exchange; or

(C) commodities, other rates, indices, or other assets, except derivative instruments that—

(i) are securities or that are based on a group or index of securities (other than government securities or a group or index of government securities);

(ii) provide for the delivery of one or more securities (other than government securities); or

(iii) trade on a national securities exchange.

(b) CLASSIFICATION LIMITED.—Classification of a particular product as an excepted banking product pursuant to this section shall not be construed as finding or implying that such product is or is not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

(c) INCORPORATED DEFINITIONS.—For purposes of this section—

(1) the terms ''bank'', ''qualified investor'', and ''securities laws'' have the same meanings given in section 3(a) of the Securities Exchange Act of 1934, as amended by this Act; and

(2) the term ''government securities'' has the meaning given in section 3(a)(42) of such Act (as amended by this Act), and, for purposes of this section, commercial paper, bankers acceptances, and commercial bills shall be treated in the same manner as government securities.

SEC. 207. ADDITIONAL DEFINITIONS.

Section 3(a) of the Securities Exchange Act of 1934 is amended by adding at the end the following new paragraphs:

''(54) DERIVATIVE INSTRUMENT.—

''(A) DEFINITION.—The term 'derivative instrument' means any individually negotiated contract, agreement, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets, but does not include an excepted banking product, as defined in paragraphs (1) through (5) of section 206(a) of the Financial Services Act of 1999.

''(B) CLASSIFICATION LIMITED.—Classification of a particular contract as a derivative instrument pursuant to this paragraph shall not be construed as finding or implying that such instrument is or is not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

''(55) QUALIFIED INVESTOR.—

''(A) DEFINITION.—For purposes of this title, the term 'qualified investor' means—

''(i) any investment company registered with the Commission under section 8 of the Investment Company Act of 1940;

''(ii) any issuer eligible for an exclusion from the definition of investment company pursuant to section 3(c)(7) of the Investment Company Act of 1940;

''(iii) any bank (as defined in paragraph (6) of this subsection), savings association (as defined in section 3(b) of the Federal Deposit Insurance Act), broker, dealer, insurance company (as defined in section 2(a)(13) of the Securities Act of 1933), or business development company (as defined in section 2(a)(48) of the Investment Company Act of 1940);

''(iv) any small business investment company licensed by the United States Small Business Administration under section 301 (c) or (d) of the Small Business Investment Act of 1958;

''(v) any State sponsored employee benefit plan, or any other employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, other than an individual retirement account, if the investment decisions are made by a plan fiduciary, as defined in section 3(21) of that Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser;

''(vi) any trust whose purchases of securities are directed by a person described in clauses (i) through (v) of this subparagraph;

''(vii) any market intermediary exempt under section 3(c)(2) of the Investment Company Act of 1940;

''(viii) any associated person of a broker or dealer other than a natural person;

''(ix) any foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

''(x) the government of any foreign country;

''(xi) any corporation, company, or partnership that owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(xii) any natural person who owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(xiii) any government or political subdivision, agency, or instrumentality of a government who owns and invests on a discretionary basis not less than $50,000,000 in investments; or

''(xiv) any multinational or supranational entity or any agency or instrumentality thereof.

''(B) ADDITIONAL AUTHORITY.—The Commission may, by rule or order, define a 'qualified investor' as any other person, taking into consideration such factors as the financial sophistication of the person, net worth, and knowledge and experience in financial matters.''.

SEC. 208. GOVERNMENT SECURITIES DEFINED.

Section 3(a)(42) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(42)) is amended—

(1) by striking ''or'' at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(E) for purposes of sections 15, 15C, and 17A as applied to a bank, a qualified Canadian government obligation as defined in section 5136 of the Revised Statutes of the United States.''.

SEC. 209. EFFECTIVE DATE.

This subtitle shall take effect at the end of the 270-day period beginning on the date of the enactment of this Act.

SEC. 210. RULE OF CONSTRUCTION.

Nothing in this Act shall supersede, affect, or otherwise limit the scope and applicability of the Commodity Exchange Act (7 U.S.C. 1 et seq.).

Subtitle B—Bank Investment Company Activities

SEC. 211. CUSTODY OF INVESTMENT COMPANY ASSETS BY AFFILIATED BANK.

(a) MANAGEMENT COMPANIES.—Section 17(f) of the Investment Company Act of 1940 (15 U.S.C. 80a–17(f)) is amended—

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(2) by striking ''(f) Every registered'' and inserting the following:

''(f) CUSTODY OF SECURITIES.—

''(1) Every registered'';

(3) by redesignating the second, third, fourth, and fifth sentences of such subsection as paragraphs (2) through (5), respectively, and indenting the left margin of such paragraphs appropriately; and

(4) by adding at the end the following new paragraph:

''(6) The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the conditions under which a bank, or an affiliated person of a bank, either of which is an affiliated person, promoter, organizer, or sponsor of, or principal underwriter for, a registered management company may serve as custodian of that registered management company.''.

(b) UNIT INVESTMENT TRUSTS.—Section 26 of the Investment Company Act of 1940 (15 U.S.C. 80a–26) is amended—

(1) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b) The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the conditions under which a bank, or an affiliated person of a bank, either of which is an affiliated person of a principal underwriter for, or depositor of, a registered unit investment trust, may serve as trustee or custodian under subsection (a)(1).''.

(c) FIDUCIARY DUTY OF CUSTODIAN.—Section 36(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–35(a)) is amended—

(1) in paragraph (1), by striking ''or'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; or''; and

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

''(3) as custodian.''.

SEC. 212. LENDING TO AN AFFILIATED INVESTMENT COMPANY.

Section 17(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–17(a)) is amended—

(1) by striking ''or'' at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting ''; or''; and

(3) by adding at the end the following new paragraph:

''(4) to loan money or other property to such registered company, or to any company controlled by such registered company, in contravention of such rules, regulations, or orders as the Commission may prescribe or issue consistent with the protection of investors.''.

SEC. 213. INDEPENDENT DIRECTORS.

(a) IN GENERAL.—Section 2(a)(19)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(19)(A)) is amended—

(1) by striking clause (v) and inserting the following new clause:

''(v) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

''(I) the investment company;

''(II) any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services; or

''(III) any account over which the investment company's investment adviser has brokerage placement discretion,'';

(2) by redesignating clause (vi) as clause (vii); and

(3) by inserting after clause (v) the following new clause:

''(vi) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

''(I) the investment company;

''(II) any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services; or

''(III) any account for which the investment company's investment adviser has borrowing authority,''.

(b) CONFORMING AMENDMENT.—Section 2(a)(19)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(19)(B)) is amended—

(1) by striking clause (v) and inserting the following new clause:

''(v) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

''(I) any investment company for which the investment adviser or principal underwriter serves as such;

''(II) any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such; or

''(III) any account over which the investment adviser has brokerage placement discretion,'';

(2) by redesignating clause (vi) as clause (vii); and

(3) by inserting after clause (v) the following new clause:

''(vi) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

''(I) any investment company for which the investment adviser or principal underwriter serves as such;

''(II) any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such; or

''(III) any account for which the investment adviser has borrowing authority,''.

(c) AFFILIATION OF DIRECTORS.—Section 10(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–10(c)) is amended by striking ''bank, except'' and inserting ''bank (together with its affiliates and subsidiaries) or any one bank holding company (together with its affiliates and subsidiaries) (as such terms are defined in section 2 of the Bank Holding Company Act of 1956), except''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect at the end of the 1-year period beginning on the date of the enactment of this subtitle.

SEC. 214. ADDITIONAL SEC DISCLOSURE AUTHORITY.

Section 35(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–34(a)) is amended to read as follows:

''(a) MISREPRESENTATION OF GUARANTEES.—

''(1) IN GENERAL.—It shall be unlawful for any person, issuing or selling any security of which a registered investment company is the issuer, to represent or imply in any manner whatsoever that such security or company—

''(A) has been guaranteed, sponsored, recommended, or approved by the United States, or any agency, instrumentality or officer of the United States;

''(B) has been insured by the Federal Deposit Insurance Corporation; or

''(C) is guaranteed by or is otherwise an obligation of any bank or insured depository institution.

''(2) DISCLOSURES.—Any person issuing or selling the securities of a registered investment company that is advised by, or sold through, a bank shall prominently disclose that an investment in the company is not insured by the Federal Deposit Insurance Corporation or any other government agency. The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the manner in which the disclosure under this paragraph shall be provided.

''(3) DEFINITIONS.—The terms 'insured depository institution' and 'appropriate Federal banking agency' have the same meanings given in section 3 of the Federal Deposit Insurance Act.''.

SEC. 215. DEFINITION OF BROKER UNDER THE INVESTMENT COMPANY ACT OF 1940.

Section 2(a)(6) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(6)) is amended to read as follows:

''(6) The term 'broker' has the same meaning given in section 3 of the Securities Exchange Act of 1934, except that such term does not include any person solely by reason of the fact that such person is an underwriter for one or more investment companies.''.

SEC. 216. DEFINITION OF DEALER UNDER THE INVESTMENT COMPANY ACT OF 1940.

Section 2(a)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(11)) is amended to read as follows:

''(11) The term 'dealer' has the same meaning given in the Securities Exchange Act of 1934, but does not include an insurance company or investment company.''.

SEC. 217. REMOVAL OF THE EXCLUSION FROM THE DEFINITION OF INVESTMENT ADVISER FOR BANKS THAT ADVISE INVESTMENT COMPANIES.

(a) INVESTMENT ADVISER.—Section 202(a)(11)(A) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(11)(A)) is amended by striking ''investment company'' and inserting ''investment company, except that the term 'investment adviser' includes any bank or bank holding company to the extent that such bank or bank holding company serves or acts as an investment adviser to a registered investment company, but if, in

the case of a bank, such services or actions are performed through a separately identifiable department or division, the department or division, and not the bank itself, shall be deemed to be the investment adviser''.

(b) SEPARATELY IDENTIFIABLE DEPARTMENT OR DIVISION.—Section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)) is amended by adding at the end the following:

''(26) The term 'separately identifiable department or division' of a bank means a unit—

''(A) that is under the direct supervision of an officer or officers designated by the board of directors of the bank as responsible for the day-to-day conduct of the bank's investment adviser activities for one or more investment companies, including the supervision of all bank employees engaged in the performance of such activities; and

''(B) for which all of the records relating to its investment adviser activities are separately maintained in or extractable from such unit's own facilities or the facilities of the bank, and such records are so maintained or otherwise accessible as to permit independent examination and enforcement by the Commission of this Act or the Investment Company Act of 1940 and rules and regulations promulgated under this Act or the Investment Company Act of 1940.''.

SEC. 218. DEFINITION OF BROKER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

Section 202(a)(3) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(3)) is amended to read as follows:

''(3) The term 'broker' has the same meaning given in section 3 of the Securities Exchange Act of 1934.''.

SEC. 219. DEFINITION OF DEALER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

Section 202(a)(7) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(7)) is amended to read as follows:

''(7) The term 'dealer' has the same meaning given in section 3 of the Securities Exchange Act of 1934, but does not include an insurance company or investment company.''.

SEC. 220. INTERAGENCY CONSULTATION.

The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended by inserting after section 210 the following new section:

''SEC. 210A. CONSULTATION.

''(a) EXAMINATION RESULTS AND OTHER INFORMATION.—

''(1) The appropriate Federal banking agency shall provide the Commission upon request the results of any examination, reports, records, or other information to which such agency may have access with respect to the investment advisory activities—

''(A) of any—

''(i) bank holding company;

''(ii) bank; or

''(iii) separately identifiable department or division of a bank,

that is registered under section 203 of this title; and

''(B) in the case of a bank holding company or bank that has a subsidiary or a separately identifiable department or division registered under that section, of such bank or bank holding company.

''(2) The Commission shall provide to the appropriate Federal banking agency upon request the results of any examination, reports, records, or other information with respect to the investment advisory activities of any bank holding company, bank, or separately identifiable department or division of a bank, which is registered under section 203 of this title.

''(b) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall limit in any respect the authority of the appropriate Federal banking agency with respect to such bank holding company, bank, or department or division under any other provision of law.

''(c) DEFINITION.—For purposes of this section, the term 'appropriate Federal banking agency' shall have the same meaning given in section 3 of the Federal Deposit Insurance Act.''.

SEC. 221. TREATMENT OF BANK COMMON TRUST FUNDS.

(a) SECURITIES ACT OF 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by striking ''or any interest or participation in any common trust fund or similar fund maintained by a bank exclusively for the collective investment and reinvestment of assets contributed thereto by such bank in its capacity as trustee, executor, administrator, or guardian'' and inserting ''or any interest or participation in any common trust fund or similar fund that is excluded from the definition of the term 'investment company' under section 3(c)(3) of the Investment Company Act of 1940''.

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(12)(A)(iii) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)(A)(iii)) is amended to read as follows:

''(iii) any interest or participation in any common trust fund or similar fund that is excluded from the definition of the term 'investment company' under section 3(c)(3) of the Investment Company Act of 1940;''.

(c) INVESTMENT COMPANY ACT OF 1940.—Section 3(c)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(3)) is amended by inserting before the period the following: '', if—

''(A) such fund is employed by the bank solely as an aid to the administration of trusts, estates, or other accounts created and maintained for a fiduciary purpose;

''(B) except in connection with the ordinary advertising of the bank's fiduciary services, interests in such fund are not—

''(i) advertised; or

''(ii) offered for sale to the general public; and

''(C) fees and expenses charged by such fund are not in contravention of fiduciary principles established under applicable Federal or State law''.

SEC. 222. INVESTMENT ADVISERS PROHIBITED FROM HAVING CONTROLLING INTEREST IN REGISTERED INVESTMENT COMPANY.

Section 15 of the Investment Company Act of 1940 (15 U.S.C. 80a–15) is amended by adding at the end the following new subsection:

''(g) CONTROLLING INTEREST IN INVESTMENT COMPANY PROHIBITED.—

''(1) IN GENERAL.—If an investment adviser to a registered investment company, or an affiliated person of that investment adviser, holds a controlling interest in that registered investment company in a trustee or fiduciary capacity, such person shall—

''(A) if it holds the shares in a trustee or fiduciary capacity with respect to any employee benefit plan subject to the Employee Retirement Income Security Act of 1974, transfer the power to vote the shares of the investment company through to another person acting in a fiduciary capacity with respect to the plan who is not an affiliated person of that investment adviser or any affiliated person thereof; or

''(B) if it holds the shares in a trustee or fiduciary capacity with respect to any person or entity other than an employee benefit plan subject to the Employee Retirement Income Security Act of 1974—

''(i) transfer the power to vote the shares of the investment company through to—

''(I) the beneficial owners of the shares;

''(II) another person acting in a fiduciary capacity who is not an affiliated person of that investment adviser or any affiliated person thereof; or

''(III) any person authorized to receive statements and information with respect to the trust who is not an affiliated person of that investment adviser or any affiliated person thereof;

''(ii) vote the shares of the investment company held by it in the same proportion as shares held by all other shareholders of the investment company; or

''(iii) vote the shares of the investment company as otherwise permitted under such rules, regulations, or orders as the Commission may prescribe or issue consistent with the protection of investors.

''(2) EXEMPTION.—Paragraph (1) shall not apply to any investment adviser to a registered investment company, or any affiliated person of that investment adviser, that holds shares of the investment company in a trustee or fiduciary capacity if that registered investment company consists solely of assets held in such capacities.

''(3) SAFE HARBOR.—No investment adviser to a registered investment company or any affiliated person of such investment adviser shall be deemed to have acted unlawfully or to have breached a fiduciary duty under State or Federal law solely by reason of acting in accordance with clause (i), (ii), or (iii) of paragraph (1)(B).''.

SEC. 223. STATUTORY DISQUALIFICATION FOR BANK WRONGDOING.

Section 9(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-9(a)) is amended in paragraphs (1) and (2) by striking ''securities dealer, transfer agent,'' and inserting ''securities dealer, bank, transfer agent,''.

SEC. 224. CONFORMING CHANGE IN DEFINITION.

Section 2(a)(5) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(5)) is amended by striking ''(A) a banking institution organized under the laws of the United States'' and inserting ''(A) a depository institution (as defined in section 3 of the Federal Deposit Insurance Act) or a branch or agency of a foreign bank (as such terms are defined in section 1(b) of the International Banking Act of 1978)''.

SEC. 225. CONFORMING AMENDMENT.

Section 202 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2) is amended by adding at the end the following new subsection:

''(c) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.''.

SEC. 226. CHURCH PLAN EXCLUSION.

Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(c)(14)) is amended—

(1) by redesignating clauses (i) and (ii) of subparagraph (B) as subclauses (I) and (II), respectively;

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) by inserting ''(A)'' after ''(14)''; and

(4) by adding at the end the following new subparagraph:

''(B) If a registered investment company would be excluded from the definition of investment company under this subsection but for the fact that some of the company's assets do not satisfy the condition of subparagraph (A)(ii) of this paragraph, then any investment adviser to the company or affiliated person of such investment adviser shall not be subject to the requirements of section 15(g)(1)(B) with respect to shares of the investment company.''.

SEC. 227. EFFECTIVE DATE.

This subtitle shall take effect 90 days after the date of the enactment of this Act.

Subtitle C—Securities and Exchange Commission Supervision of Investment Bank Holding Companies

SEC. 231. SUPERVISION OF INVESTMENT BANK HOLDING COMPANIES BY THE SECURITIES AND EXCHANGE COMMISSION.

(a) AMENDMENT.—Section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78q) is amended—

(1) by redesignating subsection (i) as subsection (k); and

(2) by inserting after subsection (h) the following new subsection:

''(i) INVESTMENT BANK HOLDING COMPANIES.—

''(1) ELECTIVE SUPERVISION OF AN INVESTMENT BANK HOLDING COMPANY NOT HAVING A BANK OR SAVINGS ASSOCIATION AFFILIATE.—

''(A) IN GENERAL.—An investment bank holding company that is not—

''(i) an affiliate of a wholesale financial institution, an insured bank (other than an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956), or a savings association;

''(ii) a foreign bank, foreign company, or company that is described in section 8(a) of the International Banking Act of 1978; or

''(iii) a foreign bank that controls, directly or indirectly, a corporation chartered under section 25A of the Federal Reserve Act,

may elect to become supervised by filing with the Commission a notice of intention to become supervised, pursuant to subparagraph (B) of this paragraph. Any investment bank holding company filing such a notice shall be supervised in accordance with this section and comply with the rules promulgated by the Commission applicable to supervised investment bank holding companies.

''(B) NOTIFICATION OF STATUS AS A SUPERVISED INVESTMENT BANK HOLDING COMPANY.—An investment bank holding company that elects under subparagraph (A) to become supervised by the Commission shall file with the Commission a written notice of intention to become supervised by the Commission in such form and containing such information and documents concerning such investment bank holding company as the Commission, by rule, may prescribe as necessary or appropriate in furtherance of the purposes of this section. Unless the Commission finds that such supervision is not necessary or appropriate in furtherance of the purposes of this section, such supervision shall become effective 45 days after the date of receipt of such written notice by the Commission or within such shorter time period as the Commission, by rule or order, may determine.

''(2) ELECTION NOT TO BE SUPERVISED BY THE COMMISSION AS AN INVESTMENT BANK HOLDING COMPANY.—

''(A) VOLUNTARY WITHDRAWAL.—A supervised investment bank holding company that is supervised pursuant to paragraph (1) may, upon such terms and conditions as the Commission deems necessary or appropriate, elect not to be supervised by the Commission by filing a written notice of withdrawal from Commission supervision. Such notice shall not become effective until 1 year after receipt by the Commission, or such shorter or longer period as the Commission deems necessary or appropriate to ensure effective supervision of the material risks to the supervised investment bank holding company and to the affiliated broker or dealer, or to prevent evasion of the purposes of this section.

''(B) DISCONTINUATION OF COMMISSION SUPERVISION.—If the Commission finds that any supervised investment bank holding company that is supervised pursuant to paragraph (1) is no longer in existence or has ceased to be an investment bank holding company, or if the Commission finds that continued supervision of such a supervised investment bank holding company is not consistent with the purposes of this section, the Commission may discontinue the supervision pursuant to a rule or order, if any, promulgated by the Commission under this section.

''(3) SUPERVISION OF INVESTMENT BANK HOLDING COMPANIES.—

''(A) RECORDKEEPING AND REPORTING.—

''(i) IN GENERAL.—Every supervised investment bank holding company and each affiliate thereof shall make and keep for prescribed periods such records, furnish copies thereof, and make such reports, as the Commission may require by rule, in order to keep the Commission informed as to—

''(I) the company's or affiliate's activities, financial condition, policies, systems for monitoring and controlling financial and operational risks, and transactions and relationships between any broker or dealer affiliate of the supervised investment bank holding company; and

''(II) the extent to which the company or affiliate has complied with the provisions of this Act and regulations prescribed and orders issued under this Act.

''(ii) FORM AND CONTENTS.—Such records and reports shall be prepared in such form and according to such specifications (including certification by an independent public accountant), as the Commission may require and shall be provided promptly at any time upon request by the Commission. Such records and reports may include—

''(I) a balance sheet and income statement;

''(II) an assessment of the consolidated capital of the supervised investment bank holding company;

''(III) an independent auditor's report attesting to the supervised investment bank holding company's compliance with its internal risk management and internal control objectives; and

''(IV) reports concerning the extent to which the company or affiliate has complied with the provisions of this title and any regulations prescribed and orders issued under this title.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Commission shall, to the fullest extent possible, accept reports in fulfillment of the requirements under this paragraph that the supervised investment bank holding company or its affiliates have been required to provide to another appropriate regulatory agency or self-regulatory organization.

''(ii) AVAILABILITY.—A supervised investment bank holding company or an affiliate of such company shall provide to the Commission, at the request of the Commission, any report referred to in clause (i).

''(C) EXAMINATION AUTHORITY.—

''(i) FOCUS OF EXAMINATION AUTHORITY.—The Commission may make examinations of any supervised investment bank holding company and any affiliate of such company in order to—

''(I) inform the Commission regarding—

''(aa) the nature of the operations and financial condition of the supervised investment bank holding company and its affiliates;

''(bb) the financial and operational risks within the supervised investment bank holding company that may affect any broker or dealer controlled by such supervised investment bank holding company; and

''(cc) the systems of the supervised investment bank holding company and its affiliates for monitoring and controlling those risks; and

''(II) monitor compliance with the provisions of this subsection, provisions governing transactions and relationships between any broker or dealer affiliated with the supervised investment bank holding company and any of the company's other affiliates, and applicable provisions of subchapter II of chapter 53, title 31, United States Code (commonly referred to as the 'Bank Secrecy Act') and regulations thereunder.

''(ii) RESTRICTED FOCUS OF EXAMINATIONS.—The Commission shall limit the focus and scope of any examination of a supervised investment bank holding company to—

''(I) the company; and

''(II) any affiliate of the company that, because of its size, condition, or activities, the nature or size of the transactions between such affiliate and any affiliated broker or dealer, or the centralization of functions within the holding company system, could, in the discretion of the Commission, have a materially adverse effect on the operational or financial condition of the broker or dealer.

''(iii) DEFERENCE TO OTHER EXAMINATIONS.—For purposes of this subparagraph, the Commission shall, to the fullest extent possible, use the reports of examination of an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956 made by the appropriate regulatory agency, or of a licensed insurance company made by the appropriate State insurance regulator.

''(4) HOLDING COMPANY CAPITAL.—

''(A) AUTHORITY.—If the Commission finds that it is necessary to adequately supervise investment bank holding companies and their broker or dealer affiliates consistent with the purposes of this subsection, the Commission may adopt capital adequacy rules for supervised investment bank holding companies.

''(B) METHOD OF CALCULATION.—In developing rules under this paragraph:

''(i) DOUBLE LEVERAGE.—The Commission shall consider the use by the supervised investment bank holding company of debt and other liabilities to fund capital investments in affiliates.

''(ii) NO UNWEIGHTED CAPITAL RATIO.—The Commission shall not impose under this section a capital ratio that is not based on appropriate risk-weighting considerations.

''(iii) NO CAPITAL REQUIREMENT ON REGULATED ENTITIES.—The Commission shall not, by rule, regulation, guideline, order or otherwise, impose any capital adequacy provision on a nonbanking affiliate (other than a broker or dealer) that is in compliance with applicable capital requirements of another Federal regulatory authority or State insurance authority.

''(iv) APPROPRIATE EXCLUSIONS.—The Commission shall take full account of the applicable capital requirements of another Federal regulatory authority or State insurance regulator.

''(C) INTERNAL RISK MANAGEMENT MODELS.—The Commission may incorporate internal risk management models into its capital adequacy rules for supervised investment bank holding companies.

''(5) FUNCTIONAL REGULATION OF BANKING AND INSURANCE ACTIVITIES OF SUPERVISED INVESTMENT BANK HOLDING COMPANIES.—The Commission shall defer to—

''(A) the appropriate regulatory agency with regard to all interpretations of, and the enforcement of, applicable banking laws relating to the activities, conduct, ownership, and operations of banks, and institutions described in subparagraph (D), (F), and (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956; and

''(B) the appropriate State insurance regulators with regard to all interpretations of, and the enforcement of, applicable State insurance laws relating to the activities, conduct, and operations of insurance companies and insurance agents.

''(6) DEFINITIONS.—For purposes of this subsection:

''(A) The term 'investment bank holding company' means—

''(i) any person other than a natural person that owns or controls one or more brokers or dealers; and

''(ii) the associated persons of the investment bank holding company.

''(B) The term 'supervised investment bank holding company' means any investment bank holding company that is supervised by the Commission pursuant to this subsection.

''(C) The terms 'affiliate', 'bank', 'bank holding company', 'company', 'control', 'savings association', and 'wholesale financial institution' have the same meanings given in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).

''(D) The term 'insured bank' has the same meaning given in section 3 of the Federal Deposit Insurance Act.

''(E) The term 'foreign bank' has the same meaning given in section 1(b)(7) of the International Banking Act of 1978.

''(F) The terms 'person associated with an investment bank holding company' and 'associated person of an investment bank holding company' mean any person directly or indirectly controlling, controlled by, or under common control with, an investment bank holding company.''.

''(j) AUTHORITY TO LIMIT DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Commission shall not be compelled to disclose any information required to be reported under subsection (h) or (i) or any information supplied to the Commission by any domestic or foreign regulatory agency that relates to the financial or operational condition of any associated person of a broker or dealer, investment bank holding company, or any affiliate of an investment bank holding company. Nothing in this subsection shall authorize the Commission to withhold information from Congress, or prevent the Commission from complying with a request for information from any other Federal department or agency or any self-regulatory organization requesting the information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States or the Commission. For purposes of section 552 of title 5, United States Code, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552. In prescribing regulations to carry out the requirements of this subsection, the Commission shall designate information described in or obtained pursuant to subparagraphs (A), (B), and (C) of subsection (i)(5) as confidential information for purposes of section 24(b)(2) of this title.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)) is amended by adding at the end the following new subparagraph:

''(H) When used with respect to an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956—

''(i) the Comptroller of the Currency, in the case of a national bank or a bank in the District of Columbia examined by the Comptroller of the Currency;

''(ii) the Board of Governors of the Federal Reserve System, in the case of a State member bank of the Federal Reserve System or any corporation chartered under section 25A of the Federal Reserve Act;

''(iii) the Federal Deposit Insurance Corporation, in the case of any other bank the deposits of which are insured in accordance with the Federal Deposit Insurance Act; or

''(iv) the Commission in the case of all other such institutions.''.

(2) Section 1112(e) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3412(e)) is amended—

(A) by striking ''this title'' and inserting ''law''; and

(B) by inserting '', examination reports'' after ''financial records''.

Subtitle D—Disclosure of Customer Costs of Acquiring Financial Products

SEC. 241. IMPROVED AND CONSISTENT DISCLOSURE.

(a) REVISED REGULATIONS REQUIRED.—Within 1 year after the date of the enactment of this Act, each Federal financial regulatory authority shall prescribe rules, or revisions to its rules, to improve the accuracy, simplicity, and completeness, and to make more consistent, the disclosure of information by persons subject to the jurisdiction of such regulatory authority concerning any commissions, fees, or other costs incurred by customers in the acquisition of financial products.

(b) CONSULTATION.—In prescribing rules and revisions under subsection (a), the Federal financial regulatory authorities shall consult with each other and with appropriate State financial regulatory authorities.

(c) CONSIDERATION OF EXISTING DISCLOSURES.—In prescribing rules and revisions under subsection (a), the Federal financial regulatory authorities shall consider the sufficiency and appropriateness of then existing laws and rules applicable to persons subject to their jurisdiction, and may prescribe exemptions from the rules and revisions required by subsection (a) to the extent appropriate in light of the objective of this section to increase the consistency of disclosure practices.

(d) ENFORCEMENT.—Any rule prescribed by a Federal financial regulatory authority pursuant to this section shall, for purposes of enforcement, be treated as a rule prescribed by such regulatory authority pursuant to the statute establishing such regulatory authority's jurisdiction over the persons to whom such rule applies.

(e) DEFINITION.—As used in this section, the term ''Federal financial regulatory authority'' means the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission, and any self-regulatory organization under the supervision of any of the foregoing.

Subtitle E—Banks and Bank Holding Companies

SEC. 251. CONSULTATION.

(a) IN GENERAL.—The Securities and Exchange Commission shall consult and coordinate comments with the appropriate Federal banking agency before taking any action or rendering any opinion with respect to the manner in which any insured depository institution or depository institution holding company reports loan loss reserves in its financial statement, including the amount of any such loan loss reserve.

(b) DEFINITIONS.—For purposes of subsection (a), the terms ''insured depository institution'', ''depository institution holding company'', and ''appropriate Federal banking agency'' have the same meaning as in section 3 of the Federal Deposit Insurance Act.

TITLE III—INSURANCE

Subtitle A—State Regulation of Insurance

SEC. 301. STATE REGULATION OF THE BUSINESS OF INSURANCE.

The Act entitled ''An Act to express the intent of the Congress with reference to the regulation of the business of insurance'' and approved March 9, 1945 (15 U.S.C. 1011 et seq.), commonly referred to as the ''McCarran-Ferguson Act'' remains the law of the United States.

SEC. 302. MANDATORY INSURANCE LICENSING REQUIREMENTS.

No person shall engage in the business of insurance in a State as principal or agent unless such person is licensed as required by the appropriate insurance regulator of such State in accordance with the relevant State insurance law, subject to section 104.

SEC. 303. FUNCTIONAL REGULATION OF INSURANCE.

The insurance activities of any person (including a national bank exercising its power to act as agent under the eleventh undesignated paragraph of section 13 of the Federal Reserve Act) shall be functionally regulated by the States, subject to section 104.

SEC. 304. INSURANCE UNDERWRITING IN NATIONAL BANKS.

(a) IN GENERAL.—Except as provided in section 305, a national bank and the subsidiaries of a national bank may not provide insurance in a State as principal except that this prohibition shall not apply to authorized products.

(b) AUTHORIZED PRODUCTS.—For the purposes of this section, a product is authorized if—

(1) as of January 1, 1999, the Comptroller of the Currency had determined in writing that national banks may provide such product as principal, or national banks were in fact lawfully providing such product as principal;

(2) no court of relevant jurisdiction had, by final judgment, overturned a determination of the Comptroller of the Currency that national banks may provide such product as principal; and

(3) the product is not title insurance, or an annuity contract the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

(c) DEFINITION.—For purposes of this section, the term ''insurance'' means—

(1) any product regulated as insurance as of January 1, 1999, in accordance with the

relevant State insurance law, in the State in which the product is provided;

(2) any product first offered after January 1, 1999, which—

(A) a State insurance regulator determines shall be regulated as insurance in the State in which the product is provided because the product insures, guarantees, or indemnifies against liability, loss of life, loss of health, or loss through damage to or destruction of property, including, but not limited to, surety bonds, life insurance, health insurance, title insurance, and property and casualty insurance (such as private passenger or commercial automobile, homeowners, mortgage, commercial multiperil, general liability, professional liability, workers' compensation, fire and allied lines, farm owners multiperil, aircraft, fidelity, surety, medical malpractice, ocean marine, inland marine, and boiler and machinery insurance); and

(B) is not a product or service of a bank that is—

(i) a deposit product;

(ii) a loan, discount, letter of credit, or other extension of credit;

(iii) a trust or other fiduciary service;

(iv) a qualified financial contract (as defined in or determined pursuant to section 11(e)(8)(D)(i) of the Federal Deposit Insurance Act); or

(v) a financial guaranty, except that this subparagraph (B) shall not apply to a product that includes an insurance component such that if the product is offered or proposed to be offered by the bank as principal—

(I) it would be treated as a life insurance contract under section 7702 of the Internal Revenue Code of 1986; or

(II) in the event that the product is not a letter of credit or other similar extension of credit, a qualified financial contract, or a financial guaranty, it would qualify for treatment for losses incurred with respect to such product under section 832(b)(5) of the Internal Revenue Code of 1986, if the bank were subject to tax as an insurance company under section 831 of that Code; or

(3) any annuity contract, the income on which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

SEC. 305. TITLE INSURANCE ACTIVITIES OF NATIONAL BANKS AND THEIR AFFILIATES.

(a) GENERAL PROHIBITION.—No national bank, and no subsidiary of a national bank, may engage in any activity involving the underwriting or sale of title insurance.

(b) NONDISCRIMINATION PARITY EXCEPTION.—

(1) IN GENERAL.—Notwithstanding any other provision of law (including section 104 of this Act), in the case of any State in which banks organized under the laws of such State are authorized to sell title insurance as agency, a national bank and a subsidiary of a national bank may sell title insurance as agent in such State, but only in the same manner, to the same extent, and under the same restrictions as such State banks are authorized to sell title insurance as agent in such State.I22 (2) COORDINATION WITH ''WILDCARD'' PROVISION.—A State law which authorizes State banks to engage in any activities in such State in which a national bank may engage shall not be treated as a statute which authorizes State banks to sell title insurance as agent, for purposes of paragraph (1).

(c) GRANDFATHERING WITH CONSISTENT REGULATION.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3) and notwithstanding subsections (a) and (b), a national bank, and a subsidiary of a national bank, may conduct title insurance activities which such national bank or subsidiary was actively and lawfully conducting before the date of the enactment of this Act.

(2) INSURANCE AFFILIATE.—In the case of a national bank which has an affiliate which provides insurance as principal and is not a subsidiary of the bank, the national bank and any subsidiary of the national bank may not engage in the underwriting of title insurance pursuant to paragraph (1).

(3) INSURANCE SUBSIDIARY.—In the case of a national bank which has a subsidiary which provides insurance as principal and has no affiliate other than a subsidiary which provides insurance as principal, the national bank may not directly engage in any activity involving the underwriting of title insurance.

(d) ''AFFILIATE'' AND ''SUBSIDIARY'' DEFINED.—For purposes of this section, the terms ''affiliate'' and ''subsidiary'' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

(e) RULE OF CONSTRUCTION.—No provision of this Act or any other Federal law shall be construed as superseding or affecting a State law which was in effect before the date of the enactment of this Act and which prohibits title insurance from being offered, provided, or sold in such State, or from being underwritten with respect to real property in such State, by any person whatsoever.

SEC. 306. EXPEDITED AND EQUALIZED DISPUTE RESOLUTION FOR FEDERAL REGULATORS.

(a) FILING IN COURT OF APPEALS.—In the case of a regulatory conflict between a State insurance regulator and a Federal regulator as to whether any product is or is not insurance, as defined in section 304(c) of this Act, or whether a State statute, regulation, order, or interpretation regarding any insurance sales or solicitation activity is properly treated as preempted under Federal law, either regulator may seek expedited judicial review of such determination by the United States Court of Appeals for the circuit in which the State is located or in the United States Court of Appeals for the District of Columbia Circuit by filing a petition for review in such court.

(b) EXPEDITED REVIEW.—The United States Court of Appeals in which a petition for review is filed in accordance with subsection (a) shall complete all action on such petition, including rendering a judgment, before the end of the 60-day period beginning on the date on which such petition is filed, unless all parties to such proceeding agree to any extension of such period.

(c) SUPREME COURT REVIEW.—Any request for certiorari to the Supreme Court of the United States of any judgment of a United States Court of Appeals with respect to a petition for review under this section shall be filed with the Supreme Court of the United States as soon as practicable after such judgment is issued.

(d) STATUTE OF LIMITATION.—No petition may be filed under this section challenging an order, ruling, determination, or other action of a Federal regulator or State insurance regulator after the later of—

(1) the end of the 12-month period beginning on the date on which the first public notice is made of such order, ruling, determination or other action in its final form; or

(2) the end of the 6-month period beginning on the date on which such order, ruling, determination, or other action takes effect.

(e) STANDARD OF REVIEW.—The court shall decide a petition filed under this section based on its review on the merits of all questions presented under State and Federal law, including the nature of the product or activity and the history and purpose of its regulation under State and Federal law, without unequal deference.

SEC. 307. CONSUMER PROTECTION REGULATIONS.

The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by inserting after section 46 (as added by section 122(b) of this Act) the following new section:

"SEC. 47. CONSUMER PROTECTION REGULATIONS.

''(a) REGULATIONS REQUIRED.—

''(1) IN GENERAL.—The Federal banking agencies shall prescribe and publish in final form, before the end of the 1-year period beginning on the date of the enactment of the Financial Services Act of 1999, consumer protection regulations (which the agencies jointly determine to be appropriate) that—

''(A) apply to retail sales practices, solicitations, advertising, or offers of any insurance product by any insured depository institution or wholesale financial institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution; and

''(B) are consistent with the requirements of this Act and provide such additional protections for consumers to whom such sales, solicitations, advertising, or offers are directed as the agency determines to be appropriate.

''(2) APPLICABILITY TO SUBSIDIARIES.—The regulations prescribed pursuant to paragraph (1) shall extend such protections to any subsidiaries of an insured depository institution, as deemed appropriate by the regulators referred to in paragraph (3), where such extension is determined to be necessary to ensure the consumer protections provided by this section.

''(3) CONSULTATION AND JOINT REGULATIONS.—The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraph (1), after consultation with the State insurance regulators, as appropriate.

''(b) SALES PRACTICES.—The regulations prescribed pursuant to subsection (a) shall include anticoercion rules applicable to the sale of insurance products which prohibit an insured depository institution from engaging in any practice that would lead a consumer to believe an extension of credit, in violation of section 106(b) of the Bank Holding Company Act Amendments of 1970, is conditional upon—

''(1) the purchase of an insurance product from the institution or any of its affiliates; or

''(2) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

''(c) DISCLOSURES AND ADVERTISING.—The regulations prescribed pursuant to subsection (a) shall include the following provisions relating to disclosures and advertising in connection with the initial purchase of an insurance product:

''(1) DISCLOSURES.—

''(A) IN GENERAL.—Requirements that the following disclosures be made orally and in writing before the completion of the initial sale and, in the case of clause (iii), at the time of application for an extension of credit:

''(i) UNINSURED STATUS.—As appropriate, the product is not insured by the Federal Deposit Insurance Corporation, the United States Government, or the insured depository institution.

''(ii) INVESTMENT RISK.—In the case of a variable annuity or other insurance product which involves an investment risk, that there is an investment risk associated with the product, including possible loss of value.

''(iii) COERCION.—The approval of an extension of credit may not be conditioned on—

''(I) the purchase of an insurance product from the institution in which the application for credit is pending or any of its affiliates or subsidiaries; or

''(II) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

''(B) MAKING DISCLOSURE READILY UNDERSTANDABLE.—Regulations prescribed under subparagraph (A) shall encourage the use of disclosure that is conspicuous, simple, direct, and readily understandable, such as the following:

''(i) 'NOT FDIC—INSURED'.

''(ii) 'NOT GUARANTEED BY THE BANK'.

''(iii) 'MAY GO DOWN IN VALUE'.

''(iv) 'NOT INSURED BY ANY GOVERNMENT AGENCY'.

''(C) ADJUSTMENTS FOR ALTERNATIVE METHODS OF PURCHASE.—In prescribing the requirements under subparagraphs (A) and (D), necessary adjustments shall be made for purchase in person, by telephone, or by electronic media to provide for the most appropriate and complete form of disclosure and acknowledgments.

''(D) CONSUMER ACKNOWLEDGMENT.—A requirement that an insured depository institution shall require any person selling an insurance product at any office of, or on behalf of, the institution to obtain, at the time a consumer receives the disclosures required under this paragraph or at the time of the initial purchase by the consumer of such product, an acknowledgment by such consumer of the receipt of the disclosure required under this subsection with respect to such product.

''(2) PROHIBITION ON MISREPRESENTATIONS.—A prohibition on any practice, or any advertising, at any office of, or on behalf of, the insured depository institution, or any subsidiary as appropriate, which could mislead any person or otherwise cause a reasonable person to reach an erroneous belief with respect to—

''(A) the uninsured nature of any insurance product sold, or offered for sale, by the institution or any subsidiary of the institution;

''(B) in the case of a variable annuity or other insurance product that involves an investment risk, the investment risk associated with any such product; or

''(C) in the case of an institution or subsidiary at which insurance products are sold or offered for sale, the fact that—

''(i) the approval of an extension of credit to a customer by the institution or subsidiary may not be conditioned on the purchase of an insurance product by such customer from the institution or subsidiary; and

''(ii) the customer is free to purchase the insurance product from another source.''.

''(d) SEPARATION OF BANKING AND NONBANKING ACTIVITIES.—

''(1) REGULATIONS REQUIRED.—The regulations prescribed pursuant to subsection (a) shall include such provisions as the Federal banking agencies consider appropriate to ensure that the routine acceptance of deposits is kept, to the extent practicable, physically segregated from insurance product activity.

''(2) REQUIREMENTS.—Regulations prescribed pursuant to paragraph (1) shall include the following:

''(A) SEPARATE SETTING.—A clear delineation of the setting in which, and the circumstances under which, transactions involving insurance products should be conducted in a location physically segregated from an area where retail deposits are routinely accepted.

''(B) REFERRALS.—Standards which permit any person accepting deposits from the public in an area where such transactions are routinely conducted in an insured depository institution to refer a customer who seeks to purchase any insurance product to a qualified person who sells such product, only if the person making the referral receives no more than a one-time nominal fee of a fixed dollar amount for each referral that does not depend on whether the referral results in a transaction.

''(C) QUALIFICATION AND LICENSING REQUIREMENTS.—Standards prohibiting any insured depository institution from permitting any person to sell or offer for sale any insurance product in any part of any office of the institution, or on behalf of the institution, unless such person is appropriately qualified and licensed.

''(e) DOMESTIC VIOLENCE DISCRIMINATION PROHIBITION.—

''(1) IN GENERAL.—In the case of an applicant for, or an insured under, any insurance product described in paragraph (2), the status of the applicant or insured as a victim of domestic violence, or as a provider of services to victims of domestic violence, shall not be considered as a criterion in any decision with regard to insurance underwriting, pricing, renewal, or scope of coverage of insurance policies, or payment of insurance claims, except as required or expressly permitted under State law.

''(2) SCOPE OF APPLICATION.—The prohibition contained in paragraph (1) shall apply to any insurance product which is sold or offered for sale, as principal, agent, or broker, by any insured depository institution or wholesale financial institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution.

''(3) SENSE OF THE CONGRESS.—It is the sense of the Congress that, by the end of the 30-month period beginning on the date of the enactment of this Act, the States should enact prohibitions against discrimination with respect to insurance products that are at least as strict as the prohibitions contained in paragraph (1).

''(4) DOMESTIC VIOLENCE DEFINED.—For purposes of this subsection, the term 'domestic violence' means the occurrence of one or more of the following acts by a current or former family member, household member, intimate partner, or caretaker:

''(A) Attempting to cause or causing or threatening another person physical harm, severe emotional distress, psychological trauma, rape, or sexual assault.

''(B) Engaging in a course of conduct or repeatedly committing acts toward another person, including following the person without proper authority, under circumstances that place the person in reasonable fear of bodily injury or physical harm.

''(C) Subjecting another person to false imprisonment.

''(D) Attempting to cause or cause damage to property so as to intimidate or attempt to control the behavior of another person.

''(f) CONSUMER GRIEVANCE PROCESS.—The Federal banking agencies shall jointly establish a consumer complaint mechanism, for receiving and expeditiously addressing consumer complaints alleging a violation of regulations issued under the section, which shall—

''(1) establish a group within each regulatory agency to receive such complaints;

''(2) develop procedures for investigating such complaints;

''(3) develop procedures for informing consumers of rights they may have in connection with such complaints; and

''(4) develop procedures for addressing concerns raised by such complaints, as appropriate, including procedures for the recovery of losses to the extent appropriate.

''(g) EFFECT ON OTHER AUTHORITY.—

''(1) IN GENERAL.—No provision of this section shall be construed as granting, limiting, or otherwise affecting—

''(A) any authority of the Securities and Exchange Commission, any self-regulatory organization, the Municipal Securities Rulemaking Board, or the Secretary of the Treasury under any Federal securities law; or

''(B) except as provided in paragraph (2), any authority of any State insurance commissioner or other State authority under any State law.

''(2) COORDINATION WITH STATE LAW.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), regulations prescribed by a Federal banking agency under this section shall not apply to retail sales, solicitations, advertising, or offers of any insurance product by any insured depository institution or wholesale financial institution or to any person who is engaged in such activities at an office of such institution or on behalf of the institution, in a State where the State has in effect statutes, regulations, orders, or interpretations, that are inconsistent with or contrary to the regulations prescribed by the Federal banking agencies.

''(B) PREEMPTION.—If, with respect to any provision of the regulations prescribed under this section, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Board of Directors of the Federal Deposit Insurance Corporation determine jointly that the protection afforded by such provision for consumers is greater than the protection provided by a comparable provision of the statutes, regulations, orders, or interpretations referred to in subparagraph (A) of any State, such provision of the regulations prescribed under this section shall supersede the comparable provision of such State statute, regulation, order, or interpretation.

''(h) INSURANCE PRODUCT DEFINED.—For purposes of this section, the term 'insurance product' includes an annuity contract the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.''.

SEC. 308. CERTAIN STATE AFFILIATION LAWS PREEMPTED FOR INSURANCE COMPANIES AND AFFILIATES.

Except as provided in section 104(a)(2), no State may, by law, regulation, order, interpretation, or otherwise—

(1) prevent or significantly interfere with the ability of any insurer, or any affiliate of an insurer (whether such affiliate is organized as a stock company, mutual holding company, or otherwise), to become a financial holding company or to acquire control of an insured depository institution;

(2) limit the amount of an insurer's assets that may be invested in the voting securities of an insured depository institution (or any company which controls such institution), except that the laws of an insurer's State of domicile may limit the amount of such investment to an amount that is not less than 5 percent of the insurer's admitted assets; or

(3) prevent, significantly interfere with, or have the authority to review, approve, or disapprove a plan of reorganization by which an insurer proposes to reorganize from mutual form to become a stock insurer (whether as a direct or indirect subsidiary of a mutual holding company or otherwise) unless such State is the State of domicile of the insurer.

SEC. 309. INTERAGENCY CONSULTATION.

(a) PURPOSE.—It is the intention of the Congress that the Board of Governors of the Federal Reserve System, as the umbrella supervisor for financial holding companies, and the State insurance regulators, as the functional regulators of companies engaged in insurance activities, coordinate efforts to supervise companies that control both a depository institution and a company engaged in insurance activities regulated under State law. In particular, Congress believes that the Board and the State insurance regulators should share, on a confidential basis, information relevant to the supervision of companies that control both a depository institution and a company engaged in insurance activities, including information regarding the financial health of the consolidated organization and information regarding transactions and relationships between insurance companies and affiliated depository institutions. The appropriate Federal banking agencies for depository institutions should also share, on a confidential basis, information with the relevant State insurance regulators regarding transactions and relationships between depository institutions and affiliated companies engaged in insurance activities. The purpose of this section is to encourage this coordination and confidential sharing of information, and to thereby improve both the efficiency and the quality of the supervision of financial holding companies and their affiliated depository institutions and companies engaged in insurance activities.

(b) EXAMINATION RESULTS AND OTHER INFORMATION.—

(1) INFORMATION OF THE BOARD.—Upon the request of the appropriate insurance regulator of any State, the Board may provide any information of the Board regarding the financial condition, risk management policies, and operations of any financial holding company that controls a company that is engaged in insurance activities and is regulated by such State insurance regulator, and regarding any transaction or relationship between such an insurance company and any affiliated depository institution. The Board may provide any other information to the appropriate State insurance regulator that the Board believes is necessary or appropriate to permit the State insurance regulator to administer and enforce applicable State insurance laws.

(2) BANKING AGENCY INFORMATION.—Upon the request of the appropriate insurance regulator of any State, the appropriate Federal banking agency may provide any information of the agency regarding any transaction or relationship between a depository institution supervised by such Federal banking agency and any affiliated company that is engaged in insurance activities regulated by such State insurance regulator. The appropriate Federal banking agency may provide any other information to the appropriate State insurance regulator that the agency believes is necessary or appropriate to permit the State insurance regulator to administer and enforce applicable State insurance laws.

(3) STATE INSURANCE REGULATOR INFORMATION.—Upon the request of the Board or the appropriate Federal banking agency, a State insurance regulator may provide any examination or other reports, records, or other information to which such insurance regulator may have access with respect to a company which—

(A) is engaged in insurance activities and regulated by such insurance regulator; and

(B) is an affiliate of an insured depository institution, wholesale financial institution, or financial holding company.

(c) CONSULTATION.—Before making any determination relating to the initial affiliation of, or the continuing affiliation of, an insured depository institution, wholesale financial institution, or financial holding company with a company engaged in insurance activities, the appropriate Federal banking agency shall consult with the appropriate State insurance regulator of such company and take the views of such insurance regulator into account in making such determination.

(d) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall limit in any respect the authority of the appropriate Federal banking agency with respect to an insured depository institution, wholesale financial institution, or bank holding company or any affiliate thereof under any provision of law.

(e) CONFIDENTIALITY AND PRIVILEGE.—

(1) CONFIDENTIALITY.—The appropriate Federal banking agency shall not provide any information or material that is entitled to confidential treatment under applicable Federal banking agency regulations, or other applicable law, to a State insurance regulator unless such regulator agrees to maintain the information or material in confidence and to take all reasonable steps to oppose any effort to secure disclosure of the information or material by the regulator. The appropriate Federal banking agency shall treat as confidential any information or material obtained from a State insurance regulator that is entitled to confidential treatment under applicable State regulations, or other applicable law, and take all reasonable steps to oppose any effort to secure disclosure of the information or material by the Federal banking agency.

(2) PRIVILEGE.—The provision pursuant to this section of information or material by a Federal banking agency or State insurance regulator shall not constitute a waiver of, or otherwise affect, any privilege to which the information or material is otherwise subject.

(f) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) APPROPRIATE FEDERAL BANKING AGENCY; INSURED DEPOSITORY INSTITUTION.—The terms ''appropriate Federal banking agency'' and ''insured depository institution'' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

(2) BOARD; FINANCIAL HOLDING COMPANY; AND WHOLESALE FINANCIAL INSTITUTION.—The terms ''Board'', ''financial holding company'', and ''wholesale financial institution'' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

SEC. 310. DEFINITION OF STATE.

For purposes of this subtitle, the term ''State'' means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

Subtitle B—Redomestication of Mutual Insurers

SEC. 311. GENERAL APPLICATION.

This subtitle shall only apply to a mutual insurance company in a State which has not enacted a law which expressly establishes reasonable terms and conditions for a mutual insurance company domiciled in such State to reorganize into a mutual holding company.

SEC. 312. REDOMESTICATION OF MUTUAL INSURERS.

(a) REDOMESTICATION.—A mutual insurer organized under the laws of any State may transfer its domicile to a transferee domicile as a step in a reorganization in which, pursuant to the laws of the transferee domicile and consistent with the standards in subsection (f), the mutual insurer becomes a stock insurer that is a direct or indirect subsidiary of a mutual holding company.

(b) RESULTING DOMICILE.—Upon complying with the applicable law of the transferee domicile governing transfers of domicile and completion of a transfer pursuant to this section, the mutual insurer shall cease to be a domestic insurer in the transferor domicile and, as a continuation of its corporate existence, shall be a domestic insurer of the transferee domicile.

(c) LICENSES PRESERVED.—The certificate of authority, agents' appointments and licenses, rates, approvals and other items that a licensed State allows and that are in existence immediately prior to the date that a redomesticating insurer transfers its domicile pursuant to this subtitle shall continue in full force and effect upon transfer, if the insurer remains duly qualified to transact the business of insurance in such licensed State.

(d) EFFECTIVENESS OF OUTSTANDING POLICIES AND CONTRACTS.—

(1) IN GENERAL.—All outstanding insurance policies and annuities contracts of a redomesticating insurer shall remain in full force and effect and need not be endorsed as to the new domicile of the insurer, unless so ordered by the State insurance regulator of a licensed State, and then only in the case of outstanding policies and contracts whose owners reside in such licensed State.

(2) FORMS.—

(A) Applicable State law may require a redomesticating insurer to file new policy forms with the State insurance regulator of a licensed State on or before the effective date of the transfer.

(B) Notwithstanding subparagraph (A), a redomesticating insurer may use existing policy forms with appropriate endorsements to reflect the new domicile of the redomesticating insurer until the new policy forms are approved for use by the State insurance regulator of such licensed State.

(e) NOTICE.—A redomesticating insurer shall give notice of the proposed transfer to the State insurance regulator of each licensed State and shall file promptly any resulting amendments to corporate documents required to be filed by a foreign licensed mutual insurer with the insurance regulator of each such licensed State.

(f) PROCEDURAL REQUIREMENTS.—No mutual insurer may redomesticate to another State and reorganize into a mutual holding company pursuant to this section unless the State insurance regulator of the transferee domicile determines that the plan of reorganization of the insurer includes the following requirements:

(1) APPROVAL BY BOARD OF DIRECTORS AND POLICYHOLDERS.—The reorganization is approved by at least a majority of the board of directors of the mutual insurer and at least a majority of the policyholders who vote after notice, disclosure of the reorganization and the effects of the transaction on policyholder contractual rights, and reasonable opportunity to vote, in accordance with such

notice, disclosure, and voting procedures as are approved by the State insurance regulator of the transferee domicile.

(2) CONTINUED VOTING CONTROL BY POLICYHOLDERS; REVIEW OF PUBLIC STOCK OFFERING.—After the consummation of a reorganization, the policyholders of the reorganized insurer shall have the same voting rights with respect to the mutual holding company as they had before the reorganization with respect to the mutual insurer. With respect to an initial public offering of stock, the offering shall be conducted in compliance with applicable securities laws and in a manner approved by the State insurance regulator of the transferee domicile.

(3) AWARD OF STOCK OR GRANT OF OPTIONS TO OFFICERS AND DIRECTORS.—For a period of 6 months after completion of an initial public offering, neither a stock holding company nor the converted insurer shall award any stock options or stock grants to persons who are elected officers or directors of the mutual holding company, the stock holding company, or the converted insurer, except with respect to any such awards or options to which a person is entitled as a policyholder and as approved by the State insurance regulator of the transferee domicile.

(4) CONTRACTUAL RIGHTS.—Upon reorganization into a mutual holding company, the contractual rights of the policyholders are preserved.

(5) FAIR AND EQUITABLE TREATMENT OF POLICYHOLDERS.—The reorganization is approved as fair and equitable to the policyholders by the insurance regulator of the transferee domicile.

SEC. 313. EFFECT ON STATE LAWS RESTRICTING REDOMESTICATION.

(a) IN GENERAL.—Unless otherwise permitted by this subtitle, State laws of any transferor domicile that conflict with the purposes and intent of this subtitle are preempted, including but not limited to—

(1) any law that has the purpose or effect of impeding the activities of, taking any action against, or applying any provision of law or regulation to, any insurer or an affiliate of such insurer because that insurer or any affiliate plans to redomesticate, or has redomesticated, pursuant to this subtitle;

(2) any law that has the purpose or effect of impeding the activities of, taking action against, or applying any provision of law or regulation to, any insured or any insurance licensee or other intermediary because such person has procured insurance from or placed insurance with any insurer or affiliate of such insurer that plans to redomesticate, or has redomesticated, pursuant to this subtitle, but only to the extent that such law would treat such insured licensee or other intermediary differently than if the person procured insurance from, or placed insurance with, an insured licensee or other intermediary which had not redomesticated;

(3) any law that has the purpose or effect of terminating, because of the redomestication of a mutual insurer pursuant to this subtitle, any certificate of authority, agent appointment or license, rate approval, or other approval, of any State insurance regulator or other State authority in existence immediately prior to the redomestication in any State other than the transferee domicile.

(b) DIFFERENTIAL TREATMENT PROHIBITED.—No State law, regulation, interpretation, or functional equivalent thereof, of a State other than a transferee domicile may treat a redomesticating or redomesticated insurer or any affiliate thereof any differently than an insurer operating in that State that is not a redomesticating or redomesticated insurer.

(c) LAWS PROHIBITING OPERATIONS.—If any licensed State fails to issue, delays the issuance of, or seeks to revoke an original or renewal certificate of authority of a redomesticated insurer immediately following redomestication, except on grounds and in a manner consistent with its past practices regarding the issuance of certificates of authority to foreign insurers that are not redomesticating, then the redomesticating insurer shall be exempt from any State law of the licensed State to the extent that such State law or the operation of such State law would make unlawful, or regulate, directly or indirectly, the operation of the redomesticated insurer, except that such licensed State may require the redomesticated insurer to—

(1) comply with the unfair claim settlement practices law of the licensed State;

(2) pay, on a nondiscriminatory basis, applicable premium and other taxes which are levied on licensed insurers or policyholders under the laws of the licensed State;

(3) register with and designate the State insurance regulator as its agent solely for the purpose of receiving service of legal documents or process;

(4) submit to an examination by the State insurance regulator in any licensed state in which the redomesticated insurer is doing business to determine the insurer's financial condition, if—

(A) the State insurance regulator of the transferee domicile has not begun an examination of the redomesticated insurer and has not scheduled such an examination to begin before the end of the 1-year period beginning on the date of the redomestication; and

(B) any such examination is coordinated to avoid unjustified duplication and repetition;

(5) comply with a lawful order issued in—

(A) a delinquency proceeding commenced by the State insurance regulator of any licensed State if there has been a judicial finding of financial impairment under paragraph (7); or

(B) a voluntary dissolution proceeding;

(6) comply with any State law regarding deceptive, false, or fraudulent acts or practices, except that if the licensed State seeks an injunction regarding the conduct described in this paragraph, such injunction must be obtained from a court of competent jurisdiction as provided in section 314(a);

(7) comply with an injunction issued by a court of competent jurisdiction, upon a petition by the State insurance regulator alleging that the redomesticating insurer is in hazardous financial condition or is financially impaired;

(8) participate in any insurance insolvency guaranty association on the same basis as any other insurer licensed in the licensed State; and

(9) require a person acting, or offering to act, as an insurance licensee for a redomesticated insurer in the licensed State to obtain a license from that State, except that such State may not impose any qualification or requirement that discriminates against a nonresident insurance licensee.

SEC. 314. OTHER PROVISIONS.

(a) JUDICIAL REVIEW.—The appropriate United States district court shall have exclusive jurisdiction over litigation arising under this section involving any redomesticating or redomesticated insurer.

(b) SEVERABILITY.—If any provision of this section, or the application thereof to any person or circumstances, is held invalid, the remainder of the section, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 315. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) COURT OF COMPETENT JURISDICTION.—The term ''court of competent jurisdiction'' means a court authorized pursuant to section 314(a) to adjudicate litigation arising under this subtitle.

(2) DOMICILE.—The term ''domicile'' means the State in which an insurer is incorporated, chartered, or organized.

(3) INSURANCE LICENSEE.—The term ''insurance licensee'' means any person holding a license under State law to act as insurance agent, subagent, broker, or consultant.

(4) INSTITUTION.—The term ''institution'' means a corporation, joint stock company, limited liability company, limited liability partnership, association, trust, partnership, or any similar entity.

(5) LICENSED STATE.—The term ''licensed State'' means any State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands in which the redomesticating insurer has a certificate of authority in effect immediately prior to the redomestication.

(6) MUTUAL INSURER.—The term ''mutual insurer'' means a mutual insurer organized under the laws of any State.

(7) PERSON.—The term ''person'' means an individual, institution, government or governmental agency, State or political subdivision of a State, public corporation, board, association, estate, trustee, or fiduciary, or other similar entity.

(8) POLICYHOLDER.—The term ''policyholder'' means the owner of a policy issued by a mutual insurer, except that, with respect to voting rights, the term means a member of a mutual insurer or mutual holding company granted the right to vote, as determined under applicable State law.

(9) REDOMESTICATED INSURER.—The term ''redomesticated insurer'' means a mutual insurer that has redomesticated pursuant to this subtitle.

(10) REDOMESTICATING INSURER.—The term ''redomesticating insurer'' means a mutual insurer that is redomesticating pursuant to this subtitle.

(11) REDOMESTICATION OR TRANSFER.—The terms ''redomestication'' and ''transfer'' mean the transfer of the domicile of a mutual insurer from one State to another State pursuant to this subtitle.

(12) STATE INSURANCE REGULATOR.—The term ''State insurance regulator'' means the principal insurance regulatory authority of a State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands.

(13) STATE LAW.—The term ''State law'' means the statutes of any State, the District of Columbia, American Samoa, Guam, Puerto Rico, or the United States Virgin Islands and any regulation, order, or requirement prescribed pursuant to any such statute.

(14) TRANSFEREE DOMICILE.—The term ''transferee domicile'' means the State to which a mutual insurer is redomesticating pursuant to this subtitle.

(15) TRANSFEROR DOMICILE.—The term ''transferor domicile'' means the State from which a mutual insurer is redomesticating pursuant to this subtitle.

SEC. 316. EFFECTIVE DATE.

This subtitle shall take effect on the date of the enactment of this Act.

Subtitle C—National Association of Registered Agents and Brokers

SEC. 321. STATE FLEXIBILITY IN MULTISTATE LICENSING REFORMS.

(a) IN GENERAL.—The provisions of this subtitle shall take effect unless, not later than 3 years after the date of the enactment of this Act, at least a majority of the States—

(1) have enacted uniform laws and regulations governing the licensure of individuals and entities authorized to sell and solicit the purchase of insurance within the State; or

(2) have enacted reciprocity laws and regulations governing the licensure of nonresident individuals and entities authorized to sell and solicit insurance within those States.

(b) UNIFORMITY REQUIRED.—States shall be deemed to have established the uniformity necessary to satisfy subsection (a)(1) if the States—

(1) establish uniform criteria regarding the integrity, personal qualifications, education, training, and experience of licensed insurance producers, including the qualification and training of sales personnel in ascertaining the appropriateness of a particular insurance product for a prospective customer;

(2) establish uniform continuing education requirements for licensed insurance producers;

(3) establish uniform ethics course requirements for licensed insurance producers in conjunction with the continuing education requirements under paragraph (2);

(4) establish uniform criteria to ensure that an insurance product, including any annuity contract, sold to a consumer is suitable and appropriate for the consumer based on financial information disclosed by the consumer; and

(5) do not impose any requirement upon any insurance producer to be licensed or otherwise qualified to do business as a nonresident that has the effect of limiting or conditioning that producer's activities because of its residence or place of operations, except that counter-signature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(c) RECIPROCITY REQUIRED.—States shall be deemed to have established the reciprocity required to satisfy subsection (a)(2) if the following conditions are met:

(1) ADMINISTRATIVE LICENSING PROCEDURES.—At least a majority of the States permit a producer that has a resident license for selling or soliciting the purchase of insurance in its home State to receive a license to sell or solicit the purchase of insurance in such majority of States as a nonresident to the same extent that such producer is permitted to sell or solicit the purchase of insurance in its State, if the producer's home State also awards such licenses on such a reciprocal basis, without satisfying any additional requirements other than submitting—

(A) a request for licensure;

(B) the application for licensure that the producer submitted to its home State;

(C) proof that the producer is licensed and in good standing in its home State; and

(D) the payment of any requisite fee to the appropriate authority.

(2) CONTINUING EDUCATION REQUIREMENTS.—A majority of the States accept an insurance producer's satisfaction of its home State's continuing education requirements for licensed insurance producers to satisfy the States' own continuing education requirements if the producer's home State also recognizes the satisfaction of continuing education requirements on such a reciprocal basis.

(3) NO LIMITING NONRESIDENT REQUIREMENTS.—A majority of the States do not impose any requirement upon any insurance producer to be licensed or otherwise qualified to do business as a nonresident that has the effect of limiting or conditioning that producer's activities because of its residence or place of operations, except that countersignature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(4) RECIPROCAL RECIPROCITY.—Each of the States that satisfies paragraphs (1), (2), and (3) grants reciprocity to residents of all of the other States that satisfy such paragraphs.

(d) DETERMINATION.—

(1) NAIC DETERMINATION.—At the end of the 3-year period beginning on the date of the enactment of this Act, the National Association of Insurance Commissioners shall determine, in consultation with the insurance commissioners or chief insurance regulatory officials of the States, whether the uniformity or reciprocity required by subsections (b) and (c) has been achieved.

(2) JUDICIAL REVIEW.—The appropriate United States district court shall have exclusive jurisdiction over any challenge to the National Association of Insurance Commissioners' determination under this section and such court shall apply the standards set forth in section 706 of title 5, United States Code, when reviewing any such challenge.

(e) CONTINUED APPLICATION.—If, at any time, the uniformity or reciprocity required by subsections (b) and (c) no longer exists, the provisions of this subtitle shall take effect 2 years after the date on which such uniformity or reciprocity ceases to exist, unless the uniformity or reciprocity required by those provisions is satisfied before the expiration of that 2-year period.

(f) SAVINGS PROVISION.—No provision of this section shall be construed as requiring that any law, regulation, provision, or action of any State which purports to regulate insurance producers, including any such law, regulation, provision, or action which purports to regulate unfair trade practices or establish consumer protections, including countersignature laws, be altered or amended in order to satisfy the uniformity or reciprocity required by subsections (b) and (c), unless any such law, regulation, provision, or action is inconsistent with a specific requirement of any such subsection and then only to the extent of such inconsistency.

(g) UNIFORM LICENSING.—Nothing in this section shall be construed to require any State to adopt new or additional licensing requirements to achieve the uniformity necessary to satisfy subsection (a)(1).

SEC. 322. NATIONAL ASSOCIATION OF REGISTERED AGENTS AND BROKERS.

(a) ESTABLISHMENT.—There is established the National Association of Registered Agents and Brokers (hereafter in this subtitle referred to as the ''Association'').

(b) STATUS.—The Association shall—

(1) be a nonprofit corporation;

(2) have succession until dissolved by an Act of Congress;

(3) not be an agent or instrumentality of the United States Government; and

(4) except as otherwise provided in this Act, be subject to, and have all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29y–1001 et seq.).

SEC. 323. PURPOSE.

The purpose of the Association shall be to provide a mechanism through which uniform licensing, appointment, continuing education, and other insurance producer sales qualification requirements and conditions can be adopted and applied on a multistate basis, while preserving the right of States to license, supervise, and discipline insurance producers and to prescribe and enforce laws and regulations with regard to insurance-related consumer protection and unfair trade practices.

SEC. 324. RELATIONSHIP TO THE FEDERAL GOVERNMENT.

The Association shall be subject to the supervision and oversight of the National Association of Insurance Commissioners (hereafter in this subtitle referred to as the ''NAIC'').

SEC. 325. MEMBERSHIP.

(a) ELIGIBILITY.—

(1) IN GENERAL.—Any State-licensed insurance producer shall be eligible to become a member in the Association.

(2) INELIGIBILITY FOR SUSPENSION OR REVOCATION OF LICENSE.—Notwithstanding paragraph (1), a State-licensed insurance producer shall not be eligible to become a member if a State insurance regulator has suspended or revoked such producer's license in that State during the 3-year period preceding the date on which such producer applies for membership.

(3) RESUMPTION OF ELIGIBILITY.—Paragraph (2) shall cease to apply to any insurance producer if—

(A) the State insurance regulator renews the license of such producer in the State in which the license was suspended or revoked; or

(B) the suspension or revocation is subsequently overturned.

(b) AUTHORITY TO ESTABLISH MEMBERSHIP CRITERIA.—The Association shall have the authority to establish membership criteria that—

(1) bear a reasonable relationship to the purposes for which the Association was established; and

(2) do not unfairly limit the access of smaller agencies to the Association membership.

(c) ESTABLISHMENT OF CLASSES AND CATEGORIES.—

(1) CLASSES OF MEMBERSHIP.—The Association may establish separate classes of membership, with separate criteria, if the Association reasonably determines that performance of different duties requires different levels of education, training, or experience.

(2) CATEGORIES.—The Association may establish separate categories of membership for individuals and for other persons. The establishment of any such categories of membership shall be based either on the types of licensing categories that exist under State laws or on the aggregate amount of business handled by an insurance producer. No special categories of membership, and no distinct membership criteria, shall be established for members which are insured depository institutions or wholesale financial institutions or for their employees, agents, or affiliates.

(d) MEMBERSHIP CRITERIA.—

(1) IN GENERAL.—The Association may establish criteria for membership which shall include standards for integrity, personal qualifications, education, training, and experience.

(2) MINIMUM STANDARD.—In establishing criteria under paragraph (1), the Association

shall consider the highest levels of insurance producer qualifications established under the licensing laws of the States.

(e) EFFECT OF MEMBERSHIP.—Membership in the Association shall entitle the member to licensure in each State for which the member pays the requisite fees, including licensing fees and, where applicable, bonding requirements, set by such State.

(f) ANNUAL RENEWAL.—Membership in the Association shall be renewed on an annual basis.

(g) CONTINUING EDUCATION.—The Association shall establish, as a condition of membership, continuing education requirements which shall be comparable to or greater than the continuing education requirements under the licensing laws of a majority of the States.

(h) SUSPENSION AND REVOCATION.—The Association may—

(1) inspect and examine the records and offices of the members of the Association to determine compliance with the criteria for membership established by the Association; and

(2) suspend or revoke the membership of an insurance producer if—

(A) the producer fails to meet the applicable membership criteria of the Association; or

(B) the producer has been subject to disciplinary action pursuant to a final adjudicatory proceeding under the jurisdiction of a State insurance regulator, and the Association concludes that retention of membership in the Association would not be in the public interest.

(i) OFFICE OF CONSUMER COMPLAINTS.—

(1) IN GENERAL.—The Association shall establish an office of consumer complaints that shall—

(A) receive and investigate complaints from both consumers and State insurance regulators related to members of the Association; and

(B) recommend to the Association any disciplinary actions that the office considers appropriate, to the extent that any such recommendation is not inconsistent with State law.

(2) RECORDS AND REFERRALS.—The office of consumer complaints of the Association shall—

(A) maintain records of all complaints received in accordance with paragraph (1) and make such records available to the NAIC and to each State insurance regulator for the State of residence of the consumer who filed the complaint; and

(B) refer, when appropriate, any such complaint to any appropriate State insurance regulator.

(3) TELEPHONE AND OTHER ACCESS.—The office of consumer complaints shall maintain a toll-free telephone number for the purpose of this subsection and, as practicable, other alternative means of communication with consumers, such as an Internet home page.

SEC. 326. BOARD OF DIRECTORS.

(a) ESTABLISHMENT.—There is established the board of directors of the Association (hereafter in this subtitle referred to as the ''Board'') for the purpose of governing and supervising the activities of the Association and the members of the Association.

(b) POWERS.—The Board shall have such powers and authority as may be specified in the bylaws of the Association.

(c) COMPOSITION.—

(1) MEMBERS.—The Board shall be composed of seven members appointed by the NAIC.

(2) REQUIREMENT.—At least four of the members of the Board shall have significant experience with the regulation of commercial lines of insurance in at least 1 of the 20 States in which the greatest total dollar amount of commercial-lines insurance is placed in the United States.

(3) INITIAL BOARD MEMBERSHIP.—

(A) IN GENERAL.—If, by the end of the 2-year period beginning on the date of the enactment of this Act, the NAIC has not appointed the initial seven members of the Board of the Association, the initial Board shall consist of the seven State insurance regulators of the seven States with the greatest total dollar amount of commercial-lines insurance in place as of the end of such period.

(B) ALTERNATE COMPOSITION.—If any of the State insurance regulators described in subparagraph (A) declines to serve on the Board, the State insurance regulator with the next greatest total dollar amount of commercial-lines insurance in place, as determined by the NAIC as of the end of such period, shall serve as a member of the Board.

(C) INOPERABILITY.—If fewer than seven State insurance regulators accept appointment to the Board, the Association shall be established without NAIC oversight pursuant to section 332.

(d) TERMS.—The term of each director shall, after the initial appointment of the members of the Board, be for 3 years, with one-third of the directors to be appointed each year.

(e) BOARD VACANCIES.—A vacancy on the Board shall be filled in the same manner as the original appointment of the initial Board for the remainder of the term of the vacating member.

(f) MEETINGS.—The Board shall meet at the call of the chairperson, or as otherwise provided by the bylaws of the Association.

SEC. 327. OFFICERS.

(a) IN GENERAL.—

(1) POSITIONS.—The officers of the Association shall consist of a chairperson and a vice chairperson of the Board, a president, secretary, and treasurer of the Association, and such other officers and assistant officers as may be deemed necessary.

(2) MANNER OF SELECTION.—Each officer of the Board and the Association shall be elected or appointed at such time and in such manner and for such terms not exceeding 3 years as may be prescribed in the bylaws of the Association.

(b) CRITERIA FOR CHAIRPERSON.—Only individuals who are members of the NAIC shall be eligible to serve as the chairperson of the board of directors.

SEC. 328. BYLAWS, RULES, AND DISCIPLINARY ACTION.

(a) ADOPTION AND AMENDMENT OF BYLAWS.—

(1) COPY REQUIRED TO BE FILED WITH THE NAIC.—The board of directors of the Association shall file with the NAIC a copy of the proposed bylaws or any proposed amendment to the bylaws, accompanied by a concise general statement of the basis and purpose of such proposal.

(2) EFFECTIVE DATE.—Except as provided in paragraph (3), any proposed bylaw or proposed amendment shall take effect—

(A) thirty days after the date of the filing of a copy with the NAIC;

(B) upon such later date as the Association may designate; or

(C) upon such earlier date as the NAIC may determine.

(3) DISAPPROVAL BY THE NAIC.—Notwithstanding paragraph (2), a proposed bylaw or amendment shall not take effect if, after public notice and opportunity to participate in a public hearing—

(A) the NAIC disapproves such proposal as being contrary to the public interest or contrary to the purposes of this subtitle and provides notice to the Association setting forth the reasons for such disapproval; or

(B) the NAIC finds that such proposal involves a matter of such significant public interest that public comment should be obtained, in which case it may, after notifying the Association in writing of such finding, require that the procedures set forth in subsection (b) be followed with respect to such proposal, in the same manner as if such proposed bylaw change were a proposed rule change within the meaning of such subsection.

(b) ADOPTION AND AMENDMENT OF RULES.—

(1) FILING PROPOSED REGULATIONS WITH THE NAIC.—

(A) IN GENERAL.—The board of directors of the Association shall file with the NAIC a copy of any proposed rule or any proposed amendment to a rule of the Association which shall be accompanied by a concise general statement of the basis and purpose of such proposal.

(B) OTHER RULES AND AMENDMENTS INEFFECTIVE.—No proposed rule or amendment shall take effect unless approved by the NAIC or otherwise permitted in accordance with this paragraph.

(2) INITIAL CONSIDERATION BY THE NAIC.—Not later than 35 days after the date of publication of notice of filing of a proposal, or before the end of such longer period not to exceed 90 days as the NAIC may designate after such date, if the NAIC finds such longer period to be appropriate and sets forth its reasons for so finding, or as to which the Association consents, the NAIC shall—

(A) by order approve such proposed rule or amendment; or

(B) institute proceedings to determine whether such proposed rule or amendment should be modified or disapproved.

(3) NAIC PROCEEDINGS.—

(A) IN GENERAL.—Proceedings instituted by the NAIC with respect to a proposed rule or amendment pursuant to paragraph (2) shall—

(i) include notice of the grounds for disapproval under consideration;

(ii) provide opportunity for hearing; and

(iii) be concluded not later than 180 days after the date of the Association's filing of such proposed rule or amendment.

(B) DISPOSITION OF PROPOSAL.—At the conclusion of any proceeding under subparagraph (A), the NAIC shall, by order, approve or disapprove the proposed rule or amendment.

(C) EXTENSION OF TIME FOR CONSIDERATION.—The NAIC may extend the time for concluding any proceeding under subparagraph (A) for—

(i) not more than 60 days if the NAIC finds good cause for such extension and sets forth its reasons for so finding; or

(ii) for such longer period as to which the Association consents.

(4) STANDARDS FOR REVIEW.—

(A) GROUNDS FOR APPROVAL.—The NAIC shall approve a proposed rule or amendment if the NAIC finds that the rule or amendment is in the public interest and is consistent with the purposes of this Act.

(B) APPROVAL BEFORE END OF NOTICE PERIOD.—The NAIC shall not approve any proposed rule before the end of the 30-day period beginning on the date on which the Association files proposed rules or amendments in accordance with paragraph (1), unless the NAIC finds good cause for so doing and sets forth the reasons for so finding.

(5) ALTERNATE PROCEDURE.—

(A) IN GENERAL.—Notwithstanding any provision of this subsection other than subparagraph (B), a proposed rule or amendment relating to the administration or organization of the Association shall take effect—

(i) upon the date of filing with the NAIC, if such proposed rule or amendment is designated by the Association as relating solely to matters which the NAIC, consistent with the public interest and the purposes of this subsection, determines by rule do not require the procedures set forth in this paragraph; or

(ii) upon such date as the NAIC shall for good cause determine.

(B) ABROGATION BY THE NAIC.—

(i) IN GENERAL.—At any time within 60 days after the date of filing of any proposed rule or amendment under subparagraph (A)(i) or clause (ii) of this subparagraph, the NAIC may repeal such rule or amendment and require that the rule or amendment be refiled and reviewed in accordance with this paragraph, if the NAIC finds that such action is necessary or appropriate in the public interest, for the protection of insurance producers or policyholders, or otherwise in furtherance of the purposes of this subtitle.

(ii) EFFECT OF RECONSIDERATION BY THE NAIC.—Any action of the NAIC pursuant to clause (i) shall—

(I) not affect the validity or force of a rule change during the period such rule or amendment was in effect; and

(II) not be considered to be a final action.

(c) ACTION REQUIRED BY THE NAIC.—The NAIC may, in accordance with such rules as the NAIC determines to be necessary or appropriate to the public interest or to carry out the purposes of this subtitle, require the Association to adopt, amend, or repeal any bylaw, rule or amendment of the Association, whenever adopted.

(d) DISCIPLINARY ACTION BY THE ASSOCIATION.—

(1) SPECIFICATION OF CHARGES.—In any proceeding to determine whether membership shall be denied, suspended, revoked, or not renewed (hereafter in this section referred to as a ''disciplinary action''), the Association shall bring specific charges, notify such member of such charges, give the member an opportunity to defend against the charges, and keep a record.

(2) SUPPORTING STATEMENT.—A determination to take disciplinary action shall be supported by a statement setting forth—

(A) any act or practice in which such member has been found to have been engaged;

(B) the specific provision of this subtitle, the rules or regulations under this subtitle, or the rules of the Association which any such act or practice is deemed to violate; and

(C) the sanction imposed and the reason for such sanction.

(e) NAIC REVIEW OF DISCIPLINARY ACTION.—

(1) NOTICE TO THE NAIC.—If the Association orders any disciplinary action, the Association shall promptly notify the NAIC of such action.

(2) REVIEW BY THE NAIC.—Any disciplinary action taken by the Association shall be subject to review by the NAIC—

(A) on the NAIC's own motion; or

(B) upon application by any person aggrieved by such action if such application is filed with the NAIC not more than 30 days after the later of—

(i) the date the notice was filed with the NAIC pursuant to paragraph (1); or

(ii) the date the notice of the disciplinary action was received by such aggrieved person.

(f) EFFECT OF REVIEW.—The filing of an application to the NAIC for review of a disciplinary action, or the institution of review by the NAIC on the NAIC's own motion, shall not operate as a stay of disciplinary action unless the NAIC otherwise orders.

(g) SCOPE OF REVIEW.—

(1) IN GENERAL.—In any proceeding to review such action, after notice and the opportunity for hearing, the NAIC shall—

(A) determine whether the action should be taken;

(B) affirm, modify, or rescind the disciplinary sanction; or

(C) remand to the Association for further proceedings.

(2) DISMISSAL OF REVIEW.—The NAIC may dismiss a proceeding to review disciplinary action if the NAIC finds that—

(A) the specific grounds on which the action is based exist in fact;

(B) the action is in accordance with applicable rules and regulations; and

(C) such rules and regulations are, and were, applied in a manner consistent with the purposes of this subtitle.

SEC. 329. ASSESSMENTS.

(a) INSURANCE PRODUCERS SUBJECT TO ASSESSMENT.—The Association may establish such application and membership fees as the Association finds necessary to cover the costs of its operations, including fees made reimbursable to the NAIC under subsection (b), except that, in setting such fees, the Association may not discriminate against smaller insurance producers.

(b) NAIC ASSESSMENTS.—The NAIC may assess the Association for any costs that the NAIC incurs under this subtitle.

SEC. 330. FUNCTIONS OF THE NAIC.

(a) ADMINISTRATIVE PROCEDURE.—Determinations of the NAIC, for purposes of making rules pursuant to section 328, shall be made after appropriate notice and opportunity for a hearing and for submission of views of interested persons.

(b) EXAMINATIONS AND REPORTS.—

(1) EXAMINATIONS.—The NAIC may make such examinations and inspections of the Association and require the Association to furnish to the NAIC such reports and records or copies thereof as the NAIC may consider necessary or appropriate in the public interest or to effectuate the purposes of this subtitle.

(2) REPORT BY ASSOCIATION.—As soon as practicable after the close of each fiscal year, the Association shall submit to the NAIC a written report regarding the conduct of its business, and the exercise of the other rights and powers granted by this subtitle, during such fiscal year. Such report shall include financial statements setting forth the financial position of the Association at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year. The NAIC shall transmit such report to the President and the Congress with such comment thereon as the NAIC determines to be appropriate.

SEC. 331. LIABILITY OF THE ASSOCIATION AND THE DIRECTORS, OFFICERS, AND EMPLOYEES OF THE ASSOCIATION.

(a) IN GENERAL.—The Association shall not be deemed to be an insurer or insurance producer within the meaning of any State law, rule, regulation, or order regulating or taxing insurers, insurance producers, or other entities engaged in the business of insurance, including provisions imposing premium taxes, regulating insurer solvency or financial condition, establishing guaranty funds and levying assessments, or requiring claims settlement practices.

(b) LIABILITY OF THE ASSOCIATION, ITS DIRECTORS, OFFICERS, AND EMPLOYEES.—Neither the Association nor any of its directors, officers, or employees shall have any liability to any person for any action taken or omitted in good faith under or in connection with any matter subject to this subtitle.

SEC. 332. ELIMINATION OF NAIC OVERSIGHT.

(a) IN GENERAL.—The Association shall be established without NAIC oversight and the provisions set forth in section 324, subsections (a), (b), (c), and (e) of section 328, and sections 329(b) and 330 of this subtitle shall cease to be effective if, at the end of the 2-year period beginning on the date on which the provisions of this subtitle take effect pursuant to section 321—

(1) at least a majority of the States representing at least 50 percent of the total United States commercial-lines insurance premiums have not satisfied the uniformity or reciprocity requirements of subsections (a), (b), and (c) of section 321; and

(2) the NAIC has not approved the Association's bylaws as required by section 328 or is unable to operate or supervise the Association, or the Association is not conducting its activities as required under this Act.

(b) BOARD APPOINTMENTS.—If the repeals required by subsection (a) are implemented, the following shall apply:

(1) GENERAL APPOINTMENT POWER.—The President, with the advice and consent of the Senate, shall appoint the members of the Association's Board established under section 326 from lists of candidates recommended to the President by the National Association of Insurance Commissioners.

(2) PROCEDURES FOR OBTAINING NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS APPOINTMENT RECOMMENDATIONS.—

(A) INITIAL DETERMINATION AND RECOMMENDATIONS.—After the date on which the provisions of subsection (a) take effect, the NAIC shall, not later than 60 days thereafter, provide a list of recommended candidates to the President. If the NAIC fails to provide a list by that date, or if any list that is provided does not include at least 14 recommended candidates or comply with the requirements of section 326(c), the President shall, with the advice and consent of the Senate, make the requisite appointments without considering the views of the NAIC.

(B) SUBSEQUENT APPOINTMENTS.—After the initial appointments, the NAIC shall provide a list of at least six recommended candidates for the Board to the President by January 15 of each subsequent year. If the NAIC fails to provide a list by that date, or if any list that is provided does not include at least six recommended candidates or comply with the requirements of section 326(c), the President, with the advice and consent of the Senate, shall make the requisite appointments without considering the views of the NAIC.

(C) PRESIDENTIAL OVERSIGHT.—

(i) REMOVAL.—If the President determines that the Association is not acting in the interests of the public, the President may remove the entire existing Board for the remainder of the term to which the members of the Board were appointed and appoint, with the advice and consent of the Senate, new members to fill the vacancies on the Board for the remainder of such terms.

(ii) SUSPENSION OF RULES OR ACTIONS.—The President, or a person designated by the President for such purpose, may suspend the effectiveness of any rule, or prohibit any action, of the Association which the President or the designee determines is contrary to the public interest.

(c) ANNUAL REPORT.—As soon as practicable after the close of each fiscal year, the Association shall submit to the President

and to the Congress a written report relative to the conduct of its business, and the exercise of the other rights and powers granted by this subtitle, during such fiscal year. Such report shall include financial statements setting forth the financial position of the Association at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year.

SEC. 333. RELATIONSHIP TO STATE LAW.

(a) PREEMPTION OF STATE LAWS.—State laws, regulations, provisions, or other actions purporting to regulate insurance producers shall be preempted as provided in subsection (b).

(b) PROHIBITED ACTIONS.—No State shall—

(1) impede the activities of, take any action against, or apply any provision of law or regulation to, any insurance producer because that insurance producer or any affiliate plans to become, has applied to become, or is a member of the Association;

(2) impose any requirement upon a member of the Association that it pay different fees to be licensed or otherwise qualified to do business in that State, including bonding requirements, based on its residency;

(3) impose any licensing, appointment, integrity, personal or corporate qualifications, education, training, experience, residency, or continuing education requirement upon a member of the Association that is different from the criteria for membership in the Association or renewal of such membership, except that counter-signature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section; or

(4) implement the procedures of such State's system of licensing or renewing the licenses of insurance producers in a manner different from the authority of the Association under section 325.

(c) SAVINGS PROVISION.—Except as provided in subsections (a) and (b), no provision of this section shall be construed as altering or affecting the continuing effectiveness of any law, regulation, provision, or other action of any State which purports to regulate insurance producers, including any such law, regulation, provision, or action which purports to regulate unfair trade practices or establish consumer protections, including countersignature laws.

SEC. 334. COORDINATION WITH OTHER REGULATORS.

(a) COORDINATION WITH STATE INSURANCE REGULATORS.—The Association shall have the authority to—

(1) issue uniform insurance producer applications and renewal applications that may be used to apply for the issuance or removal of State licenses, while preserving the ability of each State to impose such conditions on the issuance or renewal of a license as are consistent with section 333;

(2) establish a central clearinghouse through which members of the Association may apply for the issuance or renewal of licenses in multiple States; and

(3) establish or utilize a national database for the collection of regulatory information concerning the activities of insurance producers.

(b) COORDINATION WITH THE NATIONAL ASSOCIATION OF SECURITIES DEALERS.—The Association shall coordinate with the National Association of Securities Dealers in order to ease any administrative burdens that fall on persons that are members of both associations, consistent with the purposes of this subtitle and the Federal securities laws.

SEC. 335. JUDICIAL REVIEW.

(a) JURISDICTION.—The appropriate United States district court shall have exclusive jurisdiction over litigation involving the Association, including disputes between the Association and its members that arise under this subtitle. Suits brought in State court involving the Association shall be deemed to have arisen under Federal law and therefore be subject to jurisdiction in the appropriate United States district court.

(b) EXHAUSTION OF REMEDIES.—An aggrieved person shall be required to exhaust all available administrative remedies before the Association and the NAIC before it may seek judicial review of an Association decision.

(c) STANDARDS OF REVIEW.—The standards set forth in section 553 of title 5, United States Code, shall be applied whenever a rule or bylaw of the Association is under judicial review, and the standards set forth in section 554 of title 5, United States Code, shall be applied whenever a disciplinary action of the Association is judicially reviewed.

SEC. 336. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) HOME STATE.—The term ''home State'' means the State in which the insurance producer maintains its principal place of residence and is licensed to act as an insurance producer.

(2) INSURANCE.—The term ''insurance'' means any product, other than title insurance, defined or regulated as insurance by the appropriate State insurance regulatory authority.

(3) INSURANCE PRODUCER.—The term ''insurance producer'' means any insurance agent or broker, surplus lines broker, insurance consultant, limited insurance representative, and any other person that solicits, negotiates, effects, procures, delivers, renews, continues or binds policies of insurance or offers advice, counsel, opinions or services related to insurance.

(4) STATE.—The term ''State'' includes any State, the District of Columbia, American Samoa, Guam, Puerto Rico, and the United States Virgin Islands.

(5) STATE LAW.—The term ''State law'' includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State. A law of the United States applicable only to the District of Columbia shall be treated as a State law rather than a law of the United States.

Subtitle D—Rental Car Agency Insurance Activities

SEC. 341. STANDARD OF REGULATION FOR MOTOR VEHICLE RENTALS.

(a) PROTECTION AGAINST RETROACTIVE APPLICATION OF REGULATORY AND LEGAL ACTION.—Except as provided in subsection (b), during the 3-year period beginning on the date of the enactment of this Act, it shall be a presumption that no State law imposes any licensing, appointment, or education requirements on any person who solicits the purchase of or sells insurance connected with, and incidental to, the lease or rental of a motor vehicle.

(b) PREEMINENCE OF STATE INSURANCE LAW.—No provision of this section shall be construed as altering the validity, interpretation, construction, or effect of—

(1) any State statute;

(2) the prospective application of any court judgment interpreting or applying any State statute; or

(3) the prospective application of any final State regulation, order, bulletin, or other statutorily authorized interpretation or action, which, by its specific terms, expressly regulates or exempts from regulation any person who solicits the purchase of or sells insurance connected with, and incidental to, the short-term lease or rental of a motor vehicle.

(c) SCOPE OF APPLICATION.—This section shall apply with respect to—

(1) the lease or rental of a motor vehicle for a total period of 90 consecutive days or less; and

(2) insurance which is provided in connection with, and incidentally to, such lease or rental for a period of consecutive days not exceeding the lease or rental period.

(d) MOTOR VEHICLE DEFINED.—For purposes of this section, the term ''motor vehicle'' has the meaning given to such term in section 13102 of title 49, United States Code.

Subtitle E—Confidentiality

SEC. 351. CONFIDENTIALITY OF HEALTH AND MEDICAL INFORMATION.

(a) IN GENERAL.—A company which underwrites or sells annuities contracts or contracts insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death (other than credit-related insurance) and any subsidiary or affiliate thereof shall maintain a practice of protecting the confidentiality of individually identifiable customer health and medical and genetic information and may disclose such information only—

(1) with the consent, or at the direction, of the customer;

(2) for insurance underwriting and reinsuring policies, account administration, reporting, investigating, or preventing fraud or material misrepresentation, processing premium payments, processing insurance claims, administering insurance benefits (including utilization review activities), providing information to the customer's physician or other health care provider, participating in research projects, enabling the purchase, transfer, merger, or sale of any insurance-related business, or as otherwise required or specifically permitted by Federal or State law; or

(3) in connection with—

(A) the authorization, settlement, billing, processing, clearing, transferring, reconciling, or collection of amounts charged, debited, or otherwise paid using a debit, credit, or other payment card or account number, or by other payment means;

(B) the transfer of receivables, accounts, or interest therein;

(C) the audit of the debit, credit, or other payment information;

(D) compliance with Federal, State, or local law;

(E) compliance with a properly authorized civil, criminal, or regulatory investigation by Federal, State, or local authorities as governed by the requirements of this section; or

(F) fraud protection, risk control, resolving customer disputes or inquiries, communicating with the person to whom the information relates, or reporting to consumer reporting agencies.

(b) STATE ACTIONS FOR VIOLATIONS.—In addition to such other remedies as are provided under State law, if the chief law enforcement officer of a State, State insurance regulator, or an official or agency designated by a State, has reason to believe that any person has violated or is violating this title, the State may bring an action to enjoin such violation in any appropriate United States district court or in any other court of competent jurisdiction.

(c) EFFECTIVE DATE; SUNSET.—

(1) EFFECTIVE DATE.—Except as provided in paragraph (2), subsection (a) shall take effect on February 1, 2000.

(2) SUNSET.—Subsection (a) shall not take effect if, or shall cease to be effective on and after the date on which, legislation is enacted that satisfies the requirements in section 264(c)(1) of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104–191; 110 Stat. 2033).

(d) CONSULTATION.—While subsection (a) is in effect, State insurance regulatory authorities, through the National Association of Insurance Commissioners, shall consult with the Secretary of Health and Human Services in connection with the administration of such subsection.

TITLE IV—UNITARY SAVINGS AND LOAN HOLDING COMPANIES

SEC. 401. PROHIBITION ON NEW UNITARY SAVINGS AND LOAN HOLDING COMPANIES.

(a) IN GENERAL.—Section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) is amended by adding at the end the following new paragraph:

''(9) TERMINATION OF EXPANDED POWERS FOR NEW UNITARY HOLDING COMPANY.—

''(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding paragraph (3), no company may directly or indirectly, including through any merger, consolidation, or other type of business combination, acquire control of a savings association after March 4, 1999, unless the company is engaged, directly or indirectly (including through a subsidiary other than a savings association), only in activities that are permitted—

''(i) under paragraph (1)(C) or (2); or

''(ii) for financial holding companies under section 6(c) of the Bank Holding Company Act of 1956.

''(B) EXISTING UNITARY HOLDING COMPANIES AND THE SUCCESSORS TO SUCH COMPANIES.—Subparagraph (A) shall not apply, and paragraph (3) shall continue to apply, to a company (or any subsidiary of such company) that—

''(i) either—

''(I) acquired one or more savings associations described in paragraph (3) pursuant to applications at least one of which was filed on or before March 4, 1999; or

''(II) subject to subparagraph (C), became a savings and loan holding company by acquiring control of the company described in subclause (I); and

''(ii) continues to control the savings association referred to in clause (i)(II) or the successor to any such savings association.

''(C) NOTICE PROCESS FOR NONFINANCIAL ACTIVITIES BY A SUCCESSOR UNITARY HOLDING COMPANY.—

''(i) NOTICE REQUIRED.—Subparagraph (B) shall not apply to any company described in subparagraph (B)(i)(II) which engages, directly or indirectly, in any activity other than activities described in clauses (i) and (ii) of subparagraph (A), unless—

''(I) in addition to an application to the Director under this section to become a savings and loan holding company, the company submits a notice to the Board of Governors of the Federal Reserve System of such nonfinancial activities in the same manner as a notice of nonbanking activities is filed with the Board under section 4(j) of the Bank Holding Company Act of 1956; and

''(II) before the end of the applicable period under such section 4(j), the Board either approves or does not disapprove of the continuation of such activities by such company, directly or indirectly, after becoming a savings and loan holding company.

''(ii) PROCEDURE.—Section 4(j) of the Bank Holding Company Act of 1956, including the standards for review, shall apply to any notice filed with the Board under this subparagraph in the same manner as it applies to notices filed under such section.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 10(c)(3) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)(3)) is amended by striking ''Notwithstanding'' and inserting ''Except as provided in paragraph (9) and notwithstanding''.

(c) CONFORMING AMENDMENT.—Section 10(o)(5) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)(5)) is amended—

(1) in subparagraph (E), by striking '', except subparagraph (B)''; and

(2) by adding at the end the following new subparagraph:

''(F) In the case of a mutual holding company which is a savings and loan holding company described in subsection (c)(3), engaging in the activities permitted for financial holding companies under section 6(c) of the Bank Holding Company Act of 1956.''.

SEC. 402. RETENTION OF ''FEDERAL'' IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.

Section 2 of the Act entitled ''An Act to enable national banking associations to increase their capital stock and to change their names or locations'', approved May 1, 1886 (12 U.S.C. 30), is amended by adding at the end the following new subsection:

''(d) RETENTION OF 'FEDERAL' IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.—

''(1) IN GENERAL.—Notwithstanding subsection (a) or any other provision of law, any depository institution the charter of which is converted from that of a Federal savings association to a national bank or a State bank after the date of the enactment of the Financial Services Act of 1999 may retain the term 'Federal' in the name of such institution if such depository institution remains an insured depository institution.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'depository institution', 'insured depository institution', 'national bank', and 'State bank' have the same meanings as in section 3 of the Federal Deposit Insurance Act.''.

TITLE V—PRIVACY

Subtitle A—Disclosure of Nonpublic Personal Information

SEC. 501. PROTECTION OF NONPUBLIC PERSONAL INFORMATION.

(a) PRIVACY OBLIGATION POLICY.—It is the policy of the Congress that each financial institution has an affirmative and continuing obligation to respect the privacy of its customers and to protect the security and confidentiality of those customers' nonpublic personal information.

(b) FINANCIAL INSTITUTIONS SAFEGUARDS.—In furtherance of the policy in subsection (a), each agency or authority described in section 505(a) shall establish appropriate standards for the financial institutions subject to their jurisdiction relating to administrative, technical, and physical safeguards—

(1) to insure the security and confidentiality of customer records and information;

(2) to protect against any anticipated threats or hazards to the security or integrity of such records; and

(3) to protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer.

SEC. 502. OBLIGATIONS WITH RESPECT TO DISCLOSURES OF PERSONAL INFORMATION.

(a) NOTICE REQUIREMENTS.—Except as otherwise provided in this subtitle, a financial institution may not, directly or through any affiliate, disclose to a nonaffiliated third party any nonpublic personal information, unless such financial institution provides or has provided to the consumer a notice that complies with section 503(b).

(b) OPT OUT.—

(1) IN GENERAL.—A financial institution may not disclose nonpublic personal information to nonaffiliated third parties unless—

(A) such financial institution clearly and conspicuously discloses to the consumer, in writing or in electronic form (or other form permitted by the regulations prescribed under section 504), that such information may be disclosed to such third parties;

(B) the consumer is given the opportunity, before the time that such information is initially disclosed, to direct that such information not be disclosed to such third parties; and

(C) the consumer is given an explanation of how the consumer can exercise that nondisclosure option.

(2) EXCEPTION.—This subsection shall not prevent a financial institution from providing nonpublic personal information to a nonaffiliated third party to perform services or functions on behalf of the financial institution, including marketing of the financial institution's own products or services or financial products or services offered pursuant to joint agreements between two or more financial institutions that comply with the requirements imposed by the regulations prescribed under section 504, if the financial institution fully discloses the providing of such information and enters into a contractual agreement with the third party that requires the third party to maintain the confidentiality of such information.

(c) LIMITS ON REUSE OF INFORMATION.—Except as otherwise provided in this subtitle, a nonaffiliated third party that receives from a financial institution nonpublic personal information under this section shall not, directly or through an affiliate of such receiving third party, disclose such information to any other person that is a nonaffiliated third party of both the financial institution and such receiving third party, unless such disclosure would be lawful if made directly to such other person by the financial institution.

(d) LIMITATIONS ON THE SHARING OF ACCOUNT NUMBER INFORMATION FOR MARKETING PURPOSES.—A financial institution shall not disclose an account number or similar form of access number or access code for a credit card account, deposit account, or transaction account of a consumer to any nonaffiliated third party for use in telemarketing, direct mail marketing, or other marketing through electronic mail to the consumer.

(e) GENERAL EXCEPTIONS.—Subsections (a) and (b) shall not prohibit the disclosure of nonpublic personal information—

(1) as necessary to effect, administer, or enforce a transaction requested or authorized by the consumer, or in connection with—

(A) servicing or processing a financial product or service requested or authorized by the consumer;

(B) maintaining or servicing the consumer's account with the financial institution; or

(C) a proposed or actual securitization, secondary market sale (including sales of servicing rights), or similar transaction related to a transaction of the consumer;

(2) with the consent or at the direction of the consumer;

(3) to protect the confidentiality or security of its records pertaining to the consumer, the service or product, or the transaction therein, or to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability, for required institutional risk control, or for resolving customer disputes or inquiries, or to persons holding a beneficial interest relating to the consumer, or to persons acting in a fiduciary capacity on behalf of the consumer;

(4) to provide information to insurance rate advisory organizations, guaranty funds or agencies, applicable rating agencies of the financial institution, persons assessing the institution's compliance with industry standards, and the institution's attorneys, accountants, and auditors;

(5) to the extent specifically permitted or required under other provisions of law and in accordance with the Right to Financial Privacy Act of 1978, to law enforcement agencies (including a Federal functional regulator, a State insurance authority, or the Federal Trade Commission), self-regulatory organizations, or for an investigation on a matter related to public safety;

(6) to a consumer reporting agency in accordance with the Fair Credit Reporting Act, or in accordance with interpretations of such Act by the Board of Governors of the Federal Reserve System or the Federal Trade Commission, including interpretations published as commentary (16 CFR 601–622);

(7) in connection with a proposed or actual sale, merger, transfer, or exchange of all or a portion of a business or operating unit if the disclosure of nonpublic personal information concerns solely consumers of such business or unit; or

(8) to comply with Federal, State, or local laws, rules, and other applicable legal requirements; to comply with a properly authorized civil, criminal, or regulatory investigation or subpoena by Federal, State, or local authorities; or to respond to judicial process or government regulatory authorities having jurisdiction over the financial institution for examination, compliance, or other purposes as authorized by law.

SEC. 503. DISCLOSURE OF INSTITUTION PRIVACY POLICY.

(a) DISCLOSURE REQUIRED.—A financial institution shall clearly and conspicuously disclose to each consumer, at the time of establishing the customer relationship with the consumer and not less than annually, in writing or in electronic form (or other form permitted by the regulations prescribed under section 504), its policies and practices with respect to protecting the nonpublic personal information of consumers in accordance with the rules prescribed under section 504.

(b) INFORMATION TO BE INCLUDED.—The disclosure required by subsection (a) shall include—

(1) the policy and practices of the institution with respect to disclosing nonpublic personal information to nonaffiliated third parties, other than agents of the institution, consistent with section 502 of this subtitle, and including—

(A) the categories of persons to whom the information is or may be disclosed, other than the persons to whom the information may be provided pursuant to section 502(e); and

(B) the practices and policies of the institution with respect to disclosing of nonpublic personal information of persons who have ceased to be customers of the financial institution;

(2) the categories of nonpublic personal information that are collected by the financial institution;

(3) the policies that the institution maintains to protect the confidentiality and security of nonpublic personal information in accordance with section 501; and

(4) the disclosures required, if any, under section 603(d)(2)(A)(iii) of the Fair Credit Reporting Act.

SEC. 504. RULEMAKING.

(a) REGULATORY AUTHORITY.—The Federal banking agencies, the National Credit Union Association, the Secretary of the Treasury, and the Securities and Exchange Commission, shall jointly prescribe, after consultation with the Federal Trade Commission, and representatives of State insurance authorities designated by the National Association of Insurance Commissioners, such regulations as may be necessary to carry out the purposes of this subtitle. Such regulations shall be prescribed in accordance with applicable requirements of the title 5, United States Code, and shall be issued in final form within 6 months after the date of enactment of this Act.

(b) AUTHORITY TO GRANT EXCEPTIONS.—The regulations prescribed under subsection (a) may include such additional exceptions to subsections (a) and (b) of section 502 as are deemed consistent with the purposes of this subtitle.

SEC. 505. ENFORCEMENT.

(a) IN GENERAL.—This subtitle and the rules prescribed thereunder shall be enforced by the Federal functional regulators, the State insurance authorities, and the Federal Trade Commission with respect to financial institutions subject to their jurisdiction under applicable law, as follows:

(1) Under section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, Federal branches and Federal agencies of foreign banks, and any subsidiaries of such entities, by the Office of the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign banks), commercial lending companies owned or controlled by foreign banks, organizations operating under section 25 or 25A of the Federal Reserve Act, bank holding companies and their nonbank subsidiaries or affiliates (except broker-dealers, affiliates providing insurance, investment companies, and investment advisers), by the Board of Governors of the Federal Reserve System;

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), insured State branches of foreign banks, and any subsidiaries of such entities, by the Board of Directors of the Federal Deposit Insurance Corporation; and

(D) savings association the deposits of which are insured by the Federal Deposit Insurance Corporation, and any subsidiaries of such a savings association, by the Director of the Office of Thrift Supervision.

(2) Under the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal or state chartered credit union, and any subsidiaries of such an entity.

(3) Under the Farm Credit Act of 1971, by the Farm Credit Administration with respect to the Federal Agricultural Mortgage Corporation, any Federal land bank, Federal land bank association, Federal intermediate credit bank, or production credit association.

(4) Under the Securities Exchange Act of 1934, by the Securities and Exchange Commission with respect to any broker-dealer.

(5) Under the Investment Company Act of 1940, by the Securities and Exchange Commission with respect to investment companies.

(6) Under the Investment Advisers Act of 1940, by the Securities and Exchange Commission with respect to investment advisers registered with the Commission under such Act.

(7) Under Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U. S. C. 4501 et seq.), by the Office of Federal Housing Enterprise Oversight with respect to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(8) Under the Federal Home Loan Bank Act, by the Federal Housing Finance Board with respect to Federal home loan banks.

(9) Under State insurance law, in the case of any person engaged in providing insurance, by the State insurance authority of the State in which the person is domiciled, subject to section 104 of this Act.

(10) Under the Federal Trade Commission Act, by the Federal Trade Commission for any other financial institution that is not subject to the jurisdiction of any agency or authority under paragraphs (1) through (9) of this subsection.

(b) ENFORCEMENT OF SECTION 501.—

(1) IN GENERAL.—Except as provided in paragraph (2), the agencies and authorities described in subsection (a) shall implement the standards prescribed under section 501(b) in the same manner, to the extent practicable, as standards prescribed pursuant to subsection (a) of section 39 of the Federal Deposit Insurance Act are implemented pursuant to such section.

(2) EXCEPTION.—The agencies and authorities described in paragraphs (4), (5), (6), (9), and (10) of subsection (a) shall implement the standards prescribed under section 501(b) by rule with respect to the financial institutions subject to their respective jurisdictions under subsection (a).

(c) DEFINITIONS.—The terms used in subsection (a)(1) that are not defined in this subtitle or otherwise defined in section 3(s) of the Federal Deposit Insurance Act shall have the meaning given to them in section 1(b) of the International Banking Act of 1978.

SEC. 506. FAIR CREDIT REPORTING ACT AMENDMENT.

(a) AMENDMENT.—Section 621 of the Fair Credit Reporting Act (15 U.S.C. 1681s) is amended—

(1) in subsection (d), by striking everything following the end of the second sentence; and

(2) by striking subsection ''(e)'' and inserting in lieu thereof the following:

''(e) REGULATORY AUTHORITY.—

''(1) The Federal banking agencies referred to in paragraphs (1) and (2) of subsection (b) shall jointly prescribe such regulations as necessary to carry out the purposes of this Act with respect to any persons identified under paragraphs (1) and (2) of subsection (b), or to the holding companies and affiliates of such persons.

''(2) The Administrator of the National Credit Union Administration shall prescribe such regulations as necessary to carry out the purposes of this Act with respect to any persons identified under paragraph (3) of subsection (b).''.

(b) CONFORMING AMENDMENT.—Section 621(a) of the Fair Credit Reporting Act (15 U.S.C. 1681s(a)) is amended by striking paragraph (4).

SEC. 507. RELATION TO OTHER PROVISIONS.

This subtitle shall not apply to any information to which subtitle D of title III applies.

SEC. 508. STUDY OF INFORMATION SHARING AMONG FINANCIAL AFFILIATES.

(a) IN GENERAL.—The Secretary of the Treasury, in conjunction with the Federal functional regulators and the Federal Trade Commission, shall conduct a study of information sharing practices among financial institutions and their affiliates. Such study shall include—

(1) the purposes for the sharing of confidential customer information with affiliates or with nonaffiliated third parties;

(2) the extent and adequacy of security protections for such information;

(3) the potential risks for customer privacy of such sharing of information;

(4) the potential benefits for financial institutions and affiliates of such sharing of information;

(5) the potential benefits for customers of such sharing of information;

(6) the adequacy of existing laws to protect customer privacy;

(7) the adequacy of financial institution privacy policy and privacy rights disclosure under existing law;

(8) the feasibility of different approaches, including opt-out and opt-in, to permit customers to direct that confidential information not be shared with affiliates and nonaffiliated third parties; and

(9) the feasibility of restricting sharing of information for specific uses or of permitting customers to direct the uses for which information may be shared.

(b) CONSULTATION.—The Secretary shall consult with representatives of State insurance authorities designated by the National Association of Insurance Commissioners, and also with financial services industry, consumer organizations and privacy groups, and other representatives of the general public, in formulating and conducting the study required by subsection (a).

(c) REPORT.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Congress containing the findings and conclusions of the study required under subsection (a), together with such recommendations for legislative or administrative action as may be appropriate.

SEC. 509. DEFINITIONS.

As used in this subtitle:

(1) FEDERAL BANKING AGENCY.—The term ''Federal banking agency'' has the meanings given to such terms in section 3 of the Federal Deposit Insurance Act.

(2) FEDERAL FUNCTIONAL REGULATOR.—The term ''Federal functional regulator'' means—

(A) the Board of Governors of the Federal Reserve System;

(B) the Office of the Comptroller of the Currency;

(C) the Board of Directors of the Federal Deposit Insurance Corporation;

(D) the Director of the Office of Thrift Supervision;

(E) the National Credit Union Administration Board;

(F) the Farm Credit Administration; and

(G) the Securities and Exchange Commission.

(3) FINANCIAL INSTITUTION.—The term ''financial institution'' means any institution the business of which is engaging in financial activities or activities that are incidental to financial activities, as described in section 6(c) of the Bank Holding Company Act of 1956.

(4) NONPUBLIC PERSONAL INFORMATION.—

(A) The term ''nonpublic personal information'' means personally identifiable financial information—

(i) provided by a consumer to a financial institution;

(ii) resulting from any transaction with the consumer or the service performed for the consumer; or

(iii) otherwise obtained by the financial institution.

(B) Such term does not include publicly available information, as such term is defined by the regulations prescribed under section 504.

(C) Notwithstanding subparagraph (B), such term shall include any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable information other than publicly available information.

(5) NONAFFILIATED THIRD PARTIES.—The term ''nonaffiliated third parties'' means any entity that is not an affiliate of, or related by common ownership or affiliated by corporate control with, the financial institution, but does not include a joint employee of such institution.

(6) AFFILIATE.—The term ''affiliate'' means any company that controls, is controlled by, or is under common control with another company.

(7) NECESSARY TO EFFECT, ADMINISTER, OR ENFORCE.—The term ''as necessary to effect, administer or enforce the transaction'' means—

(A) the disclosure is required, or is a usual, appropriate or acceptable method, to carry out the transaction or the product or service business of which the transaction is a part, and record or service or maintain the consumer's account in the ordinary course of providing the financial service or financial product, or to administer or service benefits or claims relating to the transaction or the product or service business of which it is a part, and includes—

(i) providing the consumer or the consumer's agent or broker with a confirmation, statement, or other record of the transaction, or information on the status or value of the financial service or financial product; and

(ii) the accrual or recognition of incentives or bonuses associated with the transaction that are provided by the financial institution or any other party;

(B) the disclosure is required, or is one of the lawful or appropriate methods, to enforce the rights of the financial institution or of other persons engaged in carrying out the financial transaction, or providing the product or service;

(C) the disclosure is required, or is a usual, appropriate, or acceptable method, for insurance underwriting at the consumer's request or for reinsurance purposes, or for any of the following purposes as they relate to a consumer's insurance: account administration, reporting, investigating, or preventing fraud or material misrepresentation, processing premium payments, processing insurance claims, administering insurance benefits (including utilization review activities), participating in research projects, or as otherwise required or specifically permitted by Federal or State law; or

(D) the disclosure is required, or is a usual, appropriate or acceptable method, in connection with—

(i) the authorization, settlement, billing, processing, clearing, transferring, reconciling, or collection of amounts charged, debited, or otherwise paid using a debit, credit or other payment card, check, or account number, or by other payment means;

(ii) the transfer of receivables, accounts or interests therein; or

(iii) the audit of debit, credit or other payment information.

(8) STATE INSURANCE AUTHORITY.—The term ''State insurance authority'' means, in the case of any person engaged in providing insurance, the State insurance authority of the State in which the person is domiciled.

(9) CONSUMER.—The term ''consumer'' means an individual who obtains, from a financial institution, financial products or services which are to be used primarily for personal, family, or household purposes, and also means the legal representative of such an individual.

(10) JOINT AGREEMENT.—The term ''joint agreement'' means a formal written contract pursuant to which two or more financial institutions jointly offer, endorse, or sponsor a financial product or service, and any payments between the parties are based on business or profit generated.

SEC. 510. EFFECTIVE DATE.

This subtitle shall take effect 6 months after the date on which the rules under section 503 are promulgated, except—

(1) to the extent that a later date is specified in such rules; and

(2) that section 506 shall be effective upon enactment.

Subtitle B—Fraudulent Access to Financial Information

SEC. 521. PRIVACY PROTECTION FOR CUSTOMER INFORMATION OF FINANCIAL INSTITUTIONS.

(a) PROHIBITION ON OBTAINING CUSTOMER INFORMATION BY FALSE PRETENSES.—It shall be a violation of this subtitle for any person to obtain or attempt to obtain, or cause to be disclosed or attempt to cause to be disclosed to any person, customer information of a financial institution relating to another person—

(1) by making a false, fictitious, or fraudulent statement or representation to an officer, employee, or agent of a financial institution;

(2) by making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution; or

(3) by providing any document to an officer, employee, or agent of a financial institution, knowing that the document is forged, counterfeit, lost, or stolen, was fraudulently obtained, or contains a false, fictitious, or fraudulent statement or representation.

(b) PROHIBITION ON SOLICITATION OF A PERSON TO OBTAIN CUSTOMER INFORMATION FROM FINANCIAL INSTITUTION UNDER FALSE PRETENSES.—It shall be a violation of this subtitle to request a person to obtain customer information of a financial institution, knowing that the person will obtain, or attempt to obtain, the information from the institution in any manner described in subsection (a).

(c) NONAPPLICABILITY TO LAW ENFORCEMENT AGENCIES.—No provision of this section shall be construed so as to prevent any action by a law enforcement agency, or any officer, employee, or agent of such agency, to obtain customer information of a financial institution in connection with the performance of the official duties of the agency.

(d) NONAPPLICABILITY TO FINANCIAL INSTITUTIONS IN CERTAIN CASES.—No provision of this section shall be construed so as to prevent any financial institution, or any officer, employee, or agent of a financial institution, from obtaining customer information of such financial institution in the course of—

(1) testing the security procedures or systems of such institution for maintaining the confidentiality of customer information;

(2) investigating allegations of misconduct or negligence on the part of any officer, employee, or agent of the financial institution; or

(3) recovering customer information of the financial institution which was obtained or received by another person in any manner described in subsection (a) or (b).

(e) NONAPPLICABILITY TO INSURANCE INSTITUTIONS FOR INVESTIGATION OF INSURANCE FRAUD.—No provision of this section shall be construed so as to prevent any insurance institution, or any officer, employee, or agency of an insurance institution, from obtaining information as part of an insurance investigation into criminal activity, fraud, material misrepresentation, or material nondisclosure that is authorized for such institution under State law, regulation, interpretation, or order.

(f) NONAPPLICABILITY TO CERTAIN TYPES OF CUSTOMER INFORMATION OF FINANCIAL INSTITUTIONS.—No provision of this section shall be construed so as to prevent any person from obtaining customer information of a financial institution that otherwise is available as a public record filed pursuant to the securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934).

(g) NONAPPLICABILITY TO COLLECTION OF CHILD SUPPORT JUDGMENTS.—No provision of this section shall be construed to prevent any State-licensed private investigator, or any officer, employee, or agent of such private investigator, from obtaining customer information of a financial institution, to the extent reasonably necessary to collect child support from a person adjudged to have been delinquent in his or her obligations by a Federal or State court, and to the extent that such action by a State-licensed private investigator is not unlawful under any other Federal or State law or regulation, and has been authorized by an order or judgment of a court of competent jurisdiction.

SEC. 522. ADMINISTRATIVE ENFORCEMENT.

(a) ENFORCEMENT BY FEDERAL TRADE COMMISSION.—Compliance with this subtitle shall be enforced by the Federal Trade Commission in the same manner and with the same power and authority as the Commission has under the title VIII, the Fair Debt Collection Practices Act, to enforce compliance with such title.

(b) NOTICE OF ACTIONS.—The Federal Trade Commission shall—

(1) notify the Securities and Exchange Commission whenever the Federal Trade Commission initiates an investigation with respect to a financial institution subject to regulation by the Securities and Exchange Commission;

(2) notify the Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act) whenever the Commission initiates an investigation with respect to a financial institution subject to regulation by such Federal banking agency; and

(3) notify the appropriate State insurance regulator whenever the Commission initiates an investigation with respect to a financial institution subject to regulation by such regulator.

SEC. 523. CRIMINAL PENALTY.

(a) IN GENERAL.—Whoever knowingly and intentionally violates, or knowingly and intentionally attempts to violate, section 521 shall be fined in accordance with title 18, United States Code, or imprisoned for not more than 5 years, or both.

(b) ENHANCED PENALTY FOR AGGRAVATED CASES.—Whoever violates, or attempts to violate, section 521 while violating another law of the United States or as part of a pattern of any illegal activity involving more than $100,000 in a 12-month period shall be fined twice the amount provided in subsection (b)(3) or (c)(3) (as the case may be) of section 3571 of title 18, United States Code, imprisoned for not more than 10 years, or both.

SEC. 524. RELATION TO STATE LAWS.

(a) IN GENERAL.—This subtitle shall not be construed as superseding, altering, or affecting the statutes, regulations, orders, or interpretations in effect in any State, except to the extent that such statutes, regulations, orders, or interpretations are inconsistent with the provisions of this subtitle, and then only to the extent of the inconsistency.

(b) GREATER PROTECTION UNDER STATE LAW.—For purposes of this section, a State statute, regulation, order, or interpretation is not inconsistent with the provisions of this subtitle if the protection such statute, regulation, order, or interpretation affords any person is greater than the protection provided under this subtitle as determined by the Commission, on its own motion or upon the petition of any interested party.

SEC. 525. AGENCY GUIDANCE.

In furtherance of the objectives of this subtitle, each Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act) and the Securities and Exchange Commission or self-regulatory organizations, as appropriate, shall review regulations and guidelines applicable to financial institutions under their respective jurisdictions and shall prescribe such revisions to such regulations and guidelines as may be necessary to ensure that such financial institutions have policies, procedures, and controls in place to prevent the unauthorized disclosure of customer financial information and to deter and detect activities proscribed under section 521.

SEC. 526. REPORTS.

(a) REPORT TO THE CONGRESS.—Before the end of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General, in consultation with the Federal Trade Commission, Federal banking agencies, the Securities and Exchange Commission, appropriate Federal law enforcement agencies, and appropriate State insurance regulators, shall submit to the Congress a report on the following:

(1) The efficacy and adequacy of the remedies provided in this subtitle in addressing attempts to obtain financial information by fraudulent means or by false pretenses.

(2) Any recommendations for additional legislative or regulatory action to address threats to the privacy of financial information created by attempts to obtain information by fraudulent means or false pretenses.

(b) ANNUAL REPORT BY ADMINISTERING AGENCIES.—The Federal Trade Commission and the Attorney General shall submit to Congress an annual report on number and disposition of all enforcement actions taken pursuant to this subtitle.

SEC. 527. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) CUSTOMER.—The term ''customer'' means, with respect to a financial institution, any person (or authorized representative of a person) to whom the financial institution provides a product or service, including that of acting as a fiduciary.

(2) CUSTOMER INFORMATION OF A FINANCIAL INSTITUTION.—The term ''customer information of a financial institution'' means any information maintained by or for a financial institution which is derived from the relationship between the financial institution and a customer of the financial institution and is identified with the customer.

(3) DOCUMENT.—The term ''document'' means any information in any form.

(4) FINANCIAL INSTITUTION.—

(A) IN GENERAL.—The term ''financial institution'' means any institution engaged in the business of providing financial services to customers who maintain a credit, deposit, trust, or other financial account or relationship with the institution.

(B) CERTAIN FINANCIAL INSTITUTIONS SPECIFICALLY INCLUDED.—The term ''financial institution'' includes any depository institution (as defined in section 19(b)(1)(A) of the Federal Reserve Act), any broker or dealer, any investment adviser or investment company, any insurance company, any loan or finance company, any credit card issuer or operator of a credit card system, and any consumer reporting agency that compiles and maintains files on consumers on a nationwide basis (as defined in section 603(p)).

(C) SECURITIES INSTITUTIONS.—For purposes of subparagraph (B)—

(i) the terms ''broker'' and ''dealer'' have the meanings provided in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c);

(ii) the term ''investment adviser'' has the meaning provided in section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)); and

(iii) the term ''investment company'' has the meaning provided in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3).

(D) FURTHER DEFINITION BY REGULATION.—The Federal Trade Commission, after consultation with Federal banking agencies and the Securities and Exchange Commission, may prescribe regulations clarifying or describing the types of institutions which shall be treated as financial institutions for purposes of this subtitle.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: ''An Act to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, and for other purposes.''.

A motion to reconsider was laid on the table.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

CRISIS IN AGRICULTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. MORAN) is recognized for 5 minutes.

Mr. MORAN of Kansas. Mr. Speaker, in Kansas, combines and harvesting crews have just finished another annual wheat harvest. While many farmers have seen harvests come and go,

this one will certainly be one to remember.

Unfortunately, it is the low wheat prices that will not be forgotten. Wheat prices recently closed in Goodland, Kansas at $1.96 a bushel, the lowest price in over 30 years.

Let me put this disaster in perspective. In my State of Kansas alone, the loss in market value of the wheat crop will be over $500 million below last year's dismal level. Let me restate that. In one State, in one crop, the lost value is a half a billion dollars when compared to last year's income. Nationwide, the losses will be tremendous. In Kansas, that is $500 million less that farmers have to pay bills and to take care of their families.

I do not know exactly what disaster relief legislation this year will look like, but I must impress upon my fellow Members of Congress the seriousness of the circumstance and the ongoing damage to the agricultural economy.

This year, there will be no crop with higher prices that comes to the rescue of the wheat farmer. United States Department of Agriculture indicates that corn prices are at a 10-year low and soybean prices are at a 27-year low, with both prices to decline further by the time of their fall harvest.

This problem, however, is not about numbers, estimates, or projections. It is about people. It is about the future of rural America and the survival of a generation of our farmers and ranchers.

Mr. Speaker, I received a letter, for example, from my constituents that is pretty typical. ''Dear sir: We are now beginning the 1999 wheat harvest in Kansas. The price of wheat here in Ness County is $2.22,'' this is back in June, ''as of close of markets on June 19, lower than we could sell wheat for in the troubled 80's.

''Prices of all our supplies, seeds, fertilizer, et cetera, have rose steadily since then and are still going up. Are farmers not supposed to have a decent living for all their hard work? We as farmers have every right to just as good a living as most blue collar workers in this country. Someone, Senators, Representatives, administration, and Agriculture Secretary need to spend a little more time and effort to improve our circumstances.

''Most farmers have land payments coming due in August. Interest on them went up again. Payments of harvest expenses, fuel, repairs and labor all have to be paid; $2.22 a bushel of wheat does not go very far to pay an $8,000 land payment and expect a living expense the rest of the year. Farmers cannot be put on hold much longer. Something needs to be done now, not 6 months from now.

''I have farming interests in Ness and Hodgeman Counties in Kansas. My husband passed away in 1992 and my son is trying to hold things together. We are just a medium-sized family farm of which there are a great many here in the Midwest.''

As the writer of this letter says, something needs to be done now, not 6 months from now.

Mr. Speaker, on July 1, I joined other Members interested in agriculture, Members of this Congress, in a letter to President Clinton. In that letter, we outlined our request to work with the President and the administration in providing assistance to agriculture producers this year.

Today, I rise to urge all my colleagues in Congress to join in the efforts as we work together to try to make certain that we do not lose another generation of the American farmer and rancher.

OLDER AMERICANS ACT

The SPEAKER pro tempore (Mr. REYNOLDS). Under a previous order of the House, the gentlewoman from Florida (Ms. BROWN) is recognized for 5 minutes.

Ms. BROWN of Florida. Mr. Speaker, I come to the floor today to talk about an issue that is critical to the older Americans in this country and especially to those in my home State of Florida, the Older Americans Act.

Since its enactment in 1965, the Older Americans Act has provided for the delivery and support of nutritious service to our elderly population. The support services and centers program provide funds to States for a wide variety of social services and activities including community service employment programs, home delivered meals, transportation assistance, home care, recreation activities, elderly rights protection, and research, training and demonstration programs.

The Title III Nutrition Program is the Older Americans Act's largest program representing 43 percent of the total funds. It provides 240 million meals to over 3 million elderly persons who are traditionally more likely to be poor, to live alone, and to be members of minority groups. They are also more likely to have health and functional limitations that place them at nutritional risk. For most of the participants in the program, these meals are the primary source of daily nutrition.

The Older Americans Act also authorizes the Senior Community Service Employment Program that provides opportunities for part-time employment in community service activities for unemployed, low-income older persons. This program is administered by elderly advocacy groups, including Green Thumb, National Center on Black Aged, and the American Association of Retired Persons.

This program has three goals: provide employment opportunities for older persons, create a pool to provide community service, and supplement the income of low-income older persons.

These programs are so vitally important to the health and well-being of our senior citizens, those who work all their lives to make America what it is today. We need to do the right thing for our seniors and reauthorize the Older Americans Act.

Mr. Speaker, this program is also one that I have visited in Jacksonville, Orlando, Daytona, Palatka in Florida. But I was recently in Millen, Georgia, and I would like to submit this article to the RECORD. It indicates ''Meals on Wheels is about more than just food.

''The volunteers are great. They are nice as they can be and they help me get things if I need them.''

I want to read one brief remark about the program. ''Presently, the program cost $7,000 a month to feed all of the clients.'' However, the funds is currently at a serious low point. In other words, these programs around the country are being shut down or terminated because we have not reauthorized this program, the Older Americans Act.

I do not understand what is more important than taking care of our seniors when they need us. I am hoping that this is one program that we will put on our agenda to fund and reauthorize before we leave for the August recess.

Mr. Speaker, the article I referred to is as follows:

MEALS ON WHEELS IS ABOUT MORE THAN FOOD

(By Karen Ludwig)

Monday through Friday, five days a week, 250 days per year. That's how often Houston County residents who qualify for Meals on Wheels can depend on the organization to deliver nutritious, hot and tasty noon meals with a smile.

Meals on Wheels, incorporated in the fall of 1974, is a private, nonprofit organization that provides programs and services to the elderly of Houston County, according to Donna James, executive director.

''Our highest bracket of clients are people who are 80 years old and above,'' said James.

Sixty-five volunteer drivers deliver meals to 143 clients. A wide variety of people, including retirees, a base squadron and even home-schooled children who deliver meals with their parents as an exercise in community service volunteer to deliver meals.

''Many of the drivers do more than just deliver meals,'' said James. ''They are great with the clients. Some drivers presently and in the past have gone over to clients' houses and helped them with odd jobs around the house.''

Velda Paquet, Warner Robins site aid, not only packs meals for the clients and does secretarial work, but she also bakes cookies and visits clients even when she's not working.

''Velda is my right-hand man,'' said James. ''She's efficient, packs the meals, works at the office and keeps me hopping. It's hard to find people like her.''

Many of the drivers also cheer up clients. James said. Marjorie Moore, a client for eight years, said she loves it when the home-schooled children deliver meals with their parents.

''I miss the children when they don't come to visit,'' said Moore. ''They are just like my great-grandchildren. They hop up here next to me and love me like mine. They have very good manners.''

Irene Colquit, another Meals on Wheels client, is also fond of the program and its volunteers.

''The volunteers are great,'' said Colquit. ''They are as nice as they can be and they help me get things if I need them. They are a great crew.''

Presently, the program cost $7,000 a month to feed all of the clients. James said the program's funding is currently at a serious low point, but here are yearlong fund-raisers the community can participate in. One such program is the adopt-a-client service, a $60-per client program that funds 20 meals at $3 per person. If money can't be raised to support the program, some clients' services will be terminated.

''Many of the clients are in a low-income bracket,'' said James. ''Their Social Security checks are eaten up by medication costs. Meals on Wheels provides them with a meal when they are unable to provide one or prepare one themselves.''

But all is not bad. Recently, James submitted an essay to the Meals on Wheels of America to nominate a member for member of the year. Thelma McCoy, a Meals on Wheels volunteer and last year's president, won the award.

''The program will receive a much-needed $1,000 grant from the Reynolds Aluminum Co. It's the second time in two years that we have received this award,'' said James.

WHO IS GOING TO CONTROL AN AMERICAN'S LIFE: THE AMERICAN OR GOVERNMENT?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina (Mr. DEMINT) is recognized for 5 minutes.

Mr. DEMINT. Mr. Speaker, some in Washington and some in the media say disagreements in Congress are between the right and the left, liberals versus conservatives, Republicans versus Democrats. They say the debates are about which party is for Social Security, Medicare, education, or the environment. But we know that we are all committed to find the best solutions to these important issues.

The real debate on the floor of the House and the Senate and in all of our committees is about who is going to control one's life, one or the government.

There are some in Washington who believe one is better off if many of the decisions about one's life and the lives of one's family members are made here in Washington. Their intentions are good, and many times their programs sound good, but the evidence over the last 40 years is undeniable.

When Washington takes our money and makes the important decisions about our lives, we not only lose our freedom, but we lose the security which comes from having control of our own lives.

The Republicans in Congress believe that one is most secure when one is most free. That is why we call ourselves the GOP, the government of the people. We believe our job is not to manage one's life, but to provide a framework of freedom so one can manage one's own life and have equal access to all the opportunities this country has to offer.

We believe in securing the future for every American by returning dollars, decisions, and freedoms back to the people, back to individuals, families, communities, businesses, and back to our States.

The GOP believes, just as my colleagues do, that we can best secure the future for every child by returning dollars and decisions for education to parents and to local schools.

There are some here in Washington that think we can run our schools better from the White House. We tried that, and our test scores and the quality of our schools declined since the Federal role expanded in the 1960s.

Today, Republicans in Congress have passed legislation that allows States to use Federal money without all the red tape and to decide how the money can best be used to help their schools. We worked to give teachers and principals the flexibility to restore common-sense discipline in our children's classrooms. We are working to return 95 percent of all Federal education dollars back to the classroom, where the money belongs and is needed for new books, supplies, and school repairs.

We all know that our children get the best education when parents, teachers, and principals have the flexibility and resources they need.

□ 1915

We are making progress in education.

The GOP believes that we can best secure the future for every family by letting Americans keep more of what they earn. It is not fair to ask both parents to work harder and longer and then to take up to half of everything they make. High taxes create stress in our families and make it almost impossible to save for the future, for new homes, for education.

Republicans in Congress have already passed tax reductions that include child tax credits, education savings accounts, and less taxes on savings. Tomorrow, the GOP will pass legislation that will reduce the tax penalty on married couples, eliminate the earnings limits on senior citizens, lower capital gains tax, eliminate the death tax, and begin to lower taxes for everyone.

In addition to bringing tax fairness and relief, we are going to make sure that taxpayers' hard-earned money is wisely used. We know Americans work hard for every penny that they earn, and they should expect their government not to waste or abuse their money. Americans can be sure that we are making progress on tax relief and tax fairness.

The GOP believes that we can secure the future for every senior citizen by not spending one dime of Social Security and Medicare for other programs. No matter how good these other programs sound, taxpayers have worked hard to secure a retirement for themselves, and they should expect their retirement money to be there when they retire.

To safeguard American taxpayers' money, Republicans have created a lock box that will protect Social Security and Medicare and guaranty the benefits. And unlike some proposals that come out of Washington, we are going to stick to this pledge to the end. And we are glad that the AARP and the President have endorsed our lock box plan.

But we also know that Social Security and Medicare need repair. We are working hard to make sure Social Security and Medicare are there for future generations so all Americans can rest easy in their retirement knowing they have more control of their retirement income and health care.

In 1994, the American taxpayer trusted the GOP to lead Congress and make progress towards a more free and secure America. Since then we have balanced the budget and reformed welfare, putting over 4 million people to work. We have repealed some taxes passed by the President, passed tax credits and the largest tax relief package in 16 years.

We stopped the practice of spending Social Security and Medicare funds. We have given local schools the control and resources they need to succeed. And we have begun to rebuild our military.

The American people and our economy have responded. And while we still have much work to do—we are on the right path towards securing the future for every American. In the months to come, you will see us continue to return dollars, decisions and freedoms back home—back to you, your family, your businesses and your communities. Back to where it belongs and where progress begins.

We are Republicans, the government of the people, and we believe that Americans are most secure when you are most free, when you keep more of what you earn and make your own decisions, when you are in control of your life. We are committed to secure the future for every American by giving you that control, and we hope that every American will reach out for the freedoms and opportunities that come with being an essential part of the government of the people.

Mr. Speaker, we are Republicans, and the American taxpayer can trust us to make sure they are in control of their life instead of government.

HIGHLIGHTING COMMUNITY HEALTH CENTERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, I rise today to pay special tribute to community health centers operating in my district which have gone above and beyond just simply being providers of good care but who have also demonstrated a real understanding of the health needs of a community.

Today there are more than 43 million Americans without health insurance. However, despite the staggering numbers of uninsured, a network of health centers in my district have continued to rise to the challenge and provide outstanding care to those uninsured.

Under the tireless leadership of Bill Moorehead, board chairman, and Berneice Mills-Thomas, executive director, the Near North Health Service Corporation provides primary care to women, infants, school age children and their parents who live in medically underserved areas of the City of Chicago.

In addition, Near North operates the Infant Mortality Reduction Initiative. This program seeks out high-risk families via a door-to-door canvass of blighted neighborhoods and the Cabrini Green Housing Development. This program has been credited with reducing the infant mortality rate of the area from 26.6 per 1,000 live births to 12.8 per 1,000 live births.

Healthy Start, Store Smart Moms and Youth Pregnancy Prevention. This program teaches young mothers how to purchase nutritional meals for their children through mobile and satellite clinic programs.

Project Match. This program matches former welfare recipients to real jobs, jobs that provide a real opportunity for families to become totally self-sufficient. Since its inception, Project Match has found jobs for over 800 people who would otherwise still be on public assistance.

Near North Health Services Corporation's record of achievement through its service to the community, City of Chicago, and State of Illinois must be commended for its recent focus on male health.

Another outstanding community health center operating in the City of Chicago is the Erie Family Health Center. Currently undergoing a change in leadership, this community health center is able to serve over 17,000 patients per year in the West Town, Humboldt Park, and Logan Square neighborhoods.

In addition to the excellent primary care services offered at all of the Erie Family sites, Erie Family also administers a wide array of social services to its communities, including the Erie Teen Health Center. This center serves the health needs of at-risk adolescents.

The Erie Integrated Care Program. This is the only bilingual primary care provider serving HIV and HIV/AIDS-infected patients in the City of Chicago.

The Pediatric Care Program in collaboration with the Illinois Department of Public Health. This program services children zero to 21 whose income falls below 180 percent of the Federal poverty line. This program serves those children and young adults who would not otherwise qualify for Medicaid.

Near North and Erie Family represents a small fraction of the good Chicago's community health centers are doing for the city. Daniel Hale Williams Health Center, Mercy Diagnostic, Mount Sinai Family Health Centers, Alivio Medical Center, Mile Square Health Center.

The Sinai Family Health Centers, under the leadership of Michael Savage and many other community health centers in the city and in downstate Illinois provide over 500,000 patients per year with quality cost-effective primary care services. These providers are making a significant difference, and I urge my colleagues to join with me in commending the work of community health centers and to make sure that as we go through the appropriation of monies for the next year that community health centers be high on our list of priorities.

APOLLO EXPLORATION AWARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. SOUDER) is recognized for 5 minutes.

Mr. SOUDER. Mr. Speaker, tonight is a historic night. It is by no means an exaggeration to say that the Apollo 11 lunar landing 30 years ago was one of the most significant events in human history. To me, it is still the most significant single historic event in my lifetime that I recall. In fact, I remember watching it on TV. I was in St. Louis at the time, and it was just a little bit later time than this evening.

The Apollo program not only was and still is one of our most significant technological accomplishments, but also marked the first time that mankind left the planet to explore another celestial body. As Neil Armstrong said just last week, ''The important achievement of Apollo was demonstrating that humanity is not forever chained to this planet. Our visions go rather farther than that, and our opportunities are unlimited.''

The Apollo program demonstrated that it is possible for Americans to accomplish anything if they have a dream and a vision and work to make it come true. Today, as we have more and more technology and ability, we somehow seem to have less and less of that vision that Neil Armstrong talked about. As astronaut Walt Cunningham said, ''Today, we fail not because of our inability to do something; we fail today because of our unwillingness to tackle it in the first place. We are unwilling to take a chance, stick our neck out and go and do some of these things.''

The Apollo astronauts have continued to stand as living monuments to that drive and vision. Many of today's adults were not even born at the time of the Apollo landings, even though they and their children hold the potential to be the generation that first steps foot on Mars. The vision is still a living vision, however, because it is rekindled by the Apollo astronauts who continue to bear witness to the possibility of making even seemingly outlandish dreams come into reality.

Just last week, however, we had another sad reminder of just how precious these men are with the death of Apollo 12 astronaut Pete Conrad, who was laid to rest yesterday in Arlington National Cemetery. Four of the twelve men to have set foot on the Moon have now passed away. A total of seven of the Apollo astronauts are no longer with us. Just outside this chamber stands the newest addition to Statuary Hall, a statue of Apollo 13 astronaut Jack Swigert of Colorado, who was elected to the House but was never able to serve.

Despite the contemporary accolades given to the Apollo astronauts in the 1960s and 1970s, America has never provided a fitting tribute to these men for their bravery and historical accomplishments on behalf of this Nation. Today, I am introducing a bill which would direct NASA to present an Apollo exploration award to each of the Apollo astronauts or their families, all 32, to commemorate their historic and singular contributions to history and to provide a fitting thanks from a grateful Nation.

The gentleman from Florida (Mr. WELDON), who represents the space coast of Florida, has introduced this legislation with me. It would contain an authentic Moon rock recovered on the Apollo missions by the work of these men.

In my view, there could be no better recognition for these heroes, nor a better way to rekindle the accomplishments of Apollo in the public imagination. The only fitting commemoration for those who have touched the Moon or made that great achievement possible could be a piece of the Moon itself, and such recognition is long overdue.

Let me point out that NASA has recovered more than 2,000 different samples of the Moon in six landings. So the rocks required for the presentation would be a minuscule portion of our total holdings. My bill also maintains careful control over the lunar rocks, preventing them from being sold or transferred to anyone besides the astronaut, his family, or a museum. The lunar material, 80 percent of which has not been researched yet, could be recalled by NASA if needed for scientific research and then promptly returned.

Mr. Speaker, America was founded on the principle of exploration. We have it

in our power to continue this great tradition as a spacefaring Nation. I urge my colleagues to support this legislation to help stimulate the continuation of the vision of Apollo in modern times.

I would hope that this legislation is something that all of us, Republicans and Democrats, House, Senate and the President can agree upon unanimously, and as soon as possible. It would be a fitting closing tribute to this 30th celebration of the Apollo Moon landing.

DEMOCRATIC COALITION UNVEILS ITS TAX CUT PLAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, today the new Democratic coalition, a group of Democrats who have brought our party into line with the real needs of the business community, unveiled our own tax cut plan, and I rise to compare that plan with the Republican plan that was floated over the last 2 to 3 weeks and which the House is likely to address in the next several days.

In doing so, Mr. Speaker, I think that we will discover that this should not be a bidding war to see who can offer the American people or who can offer the business community the largest tax cut, but rather that the business and investment community should embrace the tax cut package which keeps our economy strong and, at the same time, provides essential tax relief.

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I have been down this road before, but from a long way away. As a CPA and tax attorney in California, I watched the floor of this House as the ERTA bill, the Economic Recovery Tax Act of 1981, was passed. And there was celebration in the business community. Lower taxes on capital gains; huge depreciation write-offs. No thought of fiscal responsibility. And I had to tell my clients, this was not the tax policy they should want. Because what we saw was an explosion of deficits, a stock market that performed not near as well as the stock market has performed of late. What we saw was a tax bill that needed to be corrected in 1986 and then again in the early 1990s and again in 1994. What we saw was a tax bill that undermined the economy. The lowest taxes that Ronald Reagan could possibly promise the business and investment community did not lead to the highest after-tax return. Instead, it led to deficits, inflation, high interest rates and unemployment.

But, Mr. Speaker, the Republican tax plan that has been floated recently is ERTA on steroids. It gives us a plan to undermine the economic vitality that we have built over the last several years at great difficulty. $900 billion in tax cuts over the next 10 years, nearly $3 trillion in tax cuts over the following 10 years, exploding tax cuts. What does that mean? It means that everything that we have done in building this economy is under attack.

Yes, they say that these are tax cuts we can afford. But just barely, and just if you believe the most rosy of economic projections. What makes more sense is a fiscally responsible tax cut, for two reasons: First, because by paying down and paying off the debt, we will put ourselves in a position where we can assure the solvency of Social Security and Medicare through the retirement of those of us who are baby boomers. We can turn to today's seniors and tomorrow's seniors and say, ''We have done the fiscally responsible thing in the 1990s and you can be sure Social Security and Medicare will be there.'' Just as importantly, in terms of dealing with the economy for the next 5 and 10 years, we can assure the markets that low interest rates are called for, that the high Dow is justified because we here in Washington continue to have our fiscal house in order.

The tax bill that the New Democrats have put forward is a reasonable one. It is news today that the President has announced that he would be willing to go along with a $290 billion tax cut, $50 billion more than his own proposal. Well, our tax cut comes in at just a little over that, a little over $310 billion. It provides a permanent R&D tax credit. It encompasses the President's plan for aid for school construction. It goes a long way toward eliminating the marriage penalty. It provides for credits for those families that have to deal with the responsibilities of long-term care for those who are elderly and infirm. Finally, it provides for estate tax relief so that only the top 1 percent of Americans will ever have to worry about the estate tax. Finally, the people in my district will not have to prepare long estate planning documents.

Mr. Speaker, we should stand for reasonable and fiscally responsible tax cuts, and that is why I think we should adopt the tax cut plan of the New Democratic Coalition.

REPUBLICAN BEST AGENDA

The SPEAKER pro tempore (Mr. REYNOLDS). Under a previous order of the House, the gentleman from Georgia (Mr. KINGSTON) is recognized for 5 minutes.

Mr. KINGSTON. Mr. Speaker, the Republican Conference continues to work on the BEST agenda: B standing for building a strong military; E for excellence in education; S for saving Social Security and Medicare; and T for lowering taxes.

We worked very hard on the military issues this year and we have a strong military. We will be passing this week the military appropriations bills that fund readiness, modernization and quality of life for our troops, including a pay raise.

On education, we have passed the Educational Flexibility Act that takes power away from command-and-control Washington bureaucrats and puts it back to the teacher, puts dollars to the teachers in the classroom and lets teachers realize that it might be a little bit different teaching Johnny how to read in Georgia than it is in Maine or than it is in California. It might be a little bit different in Savannah, Georgia, than it is in Statesboro, Georgia, or Brunswick, Georgia, and it certainly is different there than it is in New York City. This Congress has recognized that difference and said, ''You know what, these teachers are good, they're competent, they're capable, they don't need busybody Washington bureaucrats telling them how to teach their classroom.''

On Social Security, the President of the United States stood where you are, Mr. Speaker, stood in January and said, ''Let's save 62 percent of the Social Security surplus and use it for Social Security.'' Mr. President, my grandmother wants 100 percent of her Social Security surplus and that because of the Republican Congress is what is going to happen and we are going to put that money, Grandma, for you in a lockbox, so that the President and his bureaucrat cronies in Washington cannot spend it on bridges and roads and other things like wars in Kosovo. We are going to save that for your own pension.

And on taxes. I want to talk to you about taxes. Mr. Speaker, there is one thing that just drives me crazy about these people in Washington. They always talk about this money as if it is their money. A couple of weeks ago, I was taking my daughters Betsy and Ann to Kmart because we had to do what lots of middle-class Americans do, we had to make the Kmart shopping run. We bought a bath mat, we bought an ice chest and we bought detergents and we bought a sleeping bag and we bought a new garden hoe. On the way out the door we noticed flip-flops were $2.50 each so we bought a pair of $2.50 flip-flops. The bill came to $32, Mr. Speaker, and I had two 20's in my pocket, I gave it to the cashier and said, ''Here's $40.'' Now, I overpaid $8. Did the cashier say, ''Okay, now I'm going to throw in some magazines and some bubble gums and a couple of more pairs of flip-flops until we take all your money''? No, that is not what happens. They say, you have overpaid for this merchandise, so here is your money back. This is your $8. Put it in your pocket and spend it at another store, save it, do anything you want.

But in Washington, these people say, ''No, no, that's my money.'' That is what has happened. We have overpaid

for government, our hard-working 60- and 70-hour-a-week workers have overpaid for their government and these people in Washington have the audacity to say it is their money.

And so tomorrow we are going to have a big debate on tax reduction and you are going to hear over and over again that Washington cannot afford these tax cuts. It is the same rhetoric they said over and over again during Ronald Reagan when he passed one of the largest tax cuts in the history of this town. Eighteen million new jobs were created because people had more money to spend on goods and services, and so the economy thrived, interest rates went down, and this is a statistical fact. I do not know why people here are trying to mislead the American public.

Something else happened. Now, at the time we were involved in a Cold War and this Congress, where spending originates, Mr. Speaker, did run up the deficit, and Republicans are partially to blame on that, even though it was a Democrat House. I would say Republicans certainly, Mr. Reagan signed the bill, so I want to share the blame, but I am not going to attribute it to one sector of government. But the fact is that had nothing to do with the tax cut. That had to do with the Cold War and escalation of military spending to defeat the Soviet Union which is what happened and it was done without losing lives unlike previous wars.

But now we are going to also hear about how great the fiscal responsibility was of the Democrats during the Clinton tax increase in 1993 which was the largest tax increase in the history of the country. Liberals in Washington are going to tell you that is why this economy is strong today. I will ask you this question, my liberal friends. Why do we not increase taxes again? Why do we not have more government stimulus programs if it was so good? We all know the answer. The economy thrived despite the Clinton tax increase, not because of it.

What we will be doing tomorrow is returning to the American public their overpayment, and that is why it is the right thing to do. I strongly urge my colleagues to support the tax reductions to the American working class tomorrow.

DEMOCRATIC PERSPECTIVE OF REPUBLICAN TAX CUT BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. GEORGE MILLER) is recognized for 5 minutes.

Mr. GEORGE MILLER of California. Mr. Speaker, I enjoyed listening to my colleague from Georgia who was just at the microphone talking about how the Republicans are working on an agenda and one of the parts of their BEST program was saving Social Security.

I also note with interest that right after the Republicans passed their $3 trillion tax bill, the Wall Street Journal wrote that in order to pay for it, they are going to have to dip into Social Security and take $25 billion out of Social Security to pay for this tax bill.

The fact of the matter is that America is enjoying the greatest economy in the history of our country, the longest economic recovery since the Second World War, we have more people working, more people are buying houses, more people are entering the workforce from people who historically have not been able to find a place in our economy than any time in the country and we have had relatively low interest rates. All of that has happened since the 1993 economic program of the Clinton-Gore administration when this Congress took a courageous vote but was only able to pass it with Democratic Members of the House and Senate, not a single Republican voted for that.

When we voted for that and the Clinton-Gore plan passed, they said that everything was going to go downhill, that interest rates were going to soar, that people were going to be unemployed, the economy is going in the tank, the Dow is going to crash. None of that has come to pass over the last 8 years.

It has taken us 20 years to get out of the hole that Ronald Reagan's tax cuts put us in in 1981. In 1981, we had a huge tax cut that÷ we could not afford. It was sort of like increasing your kids' allowance after you have been unemployed. It sounds good, but it does not make a lot of sense. For 20 years, we have tried to dig our way out of that hole. For the first time we are now looking at surpluses and we are looking at surpluses over the coming years.

But what the Republicans are asking us to do is to take all that economic prosperity, to take those low interest rates, to take that job creation, to take that employment, to take those new homes and roll the dice with those with the tax bill that is $800 billion in the first 10 years and then goes to $3 trillion in the second 10 years.

Now, in order to do that, they tell you that everything is going to stay the same over the next 15 years. You have to believe that nothing is going to change in a negative fashion over the next 15 years. But if you go back to the Wall Street Journal, we already see that the Republicans are starting to think of ways of breaking the current budget caps because they cannot live within them. But the surplus that they want to give people back in tax cuts is predicated upon the fact that those budget caps will not only be enforced at their current levels, they will be reduced so there will be less spending, and yet the Republicans are trying to figure out ways to increase the spending this year because they cannot live under the cap.

I think the American people are on to something. When we look at all of the data, what the American people are saying is we know we have a $5 trillion debt that has been run up over the past history of this country. Now the sun is shining on our economy and people are working and they are buying houses and taxes are being generated. Why do we not pay down the debt? Why do we not save that $150 billion in interest? Why do we not take that interest and apply it to the debt just like a family would if they had a windfall? You would pay off the MasterCard, you would pay off the Visa bill, you would try to get out of debt; and the interest you save, you might use to buy your kids some clothes or you might use for whatever purposes you want. And the interest you save on low interest rates would be applied to your family income. You would be able to refinance your home that so many millions of Americans already have under this economic recovery.

For all of this we are going to pass a $3 trillion tax bill that the Washington Post tells us mainly benefits relatively few people. The wealthiest people in the country get most of that tax cut. But what does it put at risk? It puts at risk every family's well-being. Because even Alan Greenspan said that if he had his way, he would not cut taxes, he would not increase spending, he would just take the savings we are making now in the surplus and apply it to the debt and let the surpluses continue to run because he knows that not every day is going to be a sunny day for the American economy. The clouds are going to come, the economic cycles are going to reoccur and we are going to have some bad times.

What better to go into bad times with than a little bit of extra in your savings account to tide you over? Just like a family does, that is what a Nation has to do. We are going to have some options over tomorrow and the next day. We can decide whether we are going to be prudent, whether we are going to take care of this economic recovery, whether we are going to allow it to last longer so more people can participate, or whether we are going to pick up those dice and just roll them out there on the crap table and see whether we can put it all at risk.

□ 1945

I vote to believe. I vote to believe that we ought to be prudent, that we ought not to take Social Security and Medicare and the education of our children and put it at risk because, understand, if you take the Republican proposal, and you take a $3 trillion tax cut, there is no money for anything else.

That is why again, as the Wall Street Journal points out, they are already trying to play shenanigans with the spending programs to hide spending;

they are already prepared to go in and take $25 billion out of a Social Security Trust Fund that is already broke. That is how they finance their tax cut.

Mr. Speaker, I do not think that is a program that American families want to endorse.

HEALTH CARE FOR OUR VETERANS

The SPEAKER pro tempore (Mr. REYNOLDS). Under a previous order of the House, the gentleman from Kansas (Mr. MOORE) is recognized for 5 minutes.

Mr. MOORE. Mr. Speaker, on June 19 I had community hours in Kansas City, Kansas, which is in my district. There were about 75 people who showed up to talk to me during a 2-hour block of period that Saturday morning. One of them was a man by the name of Jack Valentine.

Jack appeared to me to be in his mid-60s and sat down and was very disturbed and started his conversation and our interview, our meeting, by handing me a copy of his Veterans Administration card and a copy of a letter Jack had received from the Veterans Administration.

The letter read:

> Dear Mr. Valentine, I am pleased to confirm your enrollment with the Department of Veterans Affairs Health Care System. You are in Enrollment Priority Group 7. For this fiscal year through September 30, 1999, we are enrolling veterans in Priority Group 7; however, we cannot assure that VA will be able to continue your enrollment after September 30, 1999.

What this letter told Jack Valentine was that in all likelihood his veterans' benefits, as far as prescription medication, would be terminated after September 30, 1999.

Mr. Speaker, after Jack handed me the letter and I read the letter, he said to me:

I have had three strokes, Congressman MOORE. I have been in the hospital three times. My doctor told me that I need this blood pressure medication. If I do not have it, the next time I have a stroke, it will kill me.

Jack has been told by his doctor that if he does not take his blood pressure medication, he is going to die. Jack has been told by the Veterans Administration that his prescription medication, his benefits, will most likely terminate on September 30, 1999.

Jack Valentine is a 64-year-old veteran from Kansas City, Kansas, whose father, his grandfather, and great grandfather were all buried in military cemeteries. But on September 30, 1999, his Veterans Administration medical coverage will likely terminate and put him at risk for a stroke, a fatal stroke. He does not have any other health insurance. He is in Priority Group 7, which means he is above the low-income threshold of $26,000 for a household of two, and his medical case is non-service related.

This has become standard operating procedure for our Veterans Administration, delay until the last possible moment or deny the procedure until they just give up all hope.

Jack was there and talked to me. Jack, when he handed me his card and his letter, started crying, and Jack said to me, Congressman MOORE, I don't know where to go from here. I am so upset about this. I have thought about going to the Veterans Administration, up on the hospital steps there, Veterans Hospital, and committing suicide.

Jack was at the end of his rope, and I was his last recourse. I say to my fellow colleagues: we are Jack's last recourse. For the past 5 years, Congress has flat-lined the Veterans Administration budget. This is not any way to treat people to whom we owe a debt we can never repay. We should demand a quick turnaround time for claims. We should demand quality health care for our veterans. We need to fulfill our promise to our veterans. They laid down their lives in some cases, they gave of their time and their energy and sacrificed for us. We have a debt to those people, and we should repay the debt before, before we start massive, massive tax cuts. At the very least, we can fulfill the promise and the obligation we have to our veterans in this country.

Do not make me go back home and tell Jack Valentine his veterans benefits, his medical coverage, his prescription benefits are going to terminate on September 30, 1999. As a Nation, we need to do the right and the honorable thing for our veterans. We need to fulfill the promise.

BUDGET, DEFENSE, AND VETERANS' ISSUES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Maryland (Mr. HOYER) is recognized for 60 minutes as the designee of the minority leader.

Mr. HOYER. Mr. Speaker, I am pleased to have this opportunity to discuss with some of the real experts on defense and budget some of the issues that confront this Congress and the American public as it relates to budget, defense and veterans' issues. I want to thank the gentleman from Kansas (Mr. MOORE) for his comments just now on the impact of the budget on veterans.

We plan to use the next hour, Mr. Speaker, to discuss the issue of defense spending and to dispel the misguided rhetoric and unjustified claims from the other side of the aisle that the President is hollowing out this Nation's military forces. We will show that not only is the President providing a strong defense, but because of his fiscal discipline, joined by the Congress and in many respects led by the Congress, a surplus exists, a surplus that if the Republicans have their way, would not be used to fund critical military readiness needs or other discretionary programs, but instead provide a fiscally unsound tax cut.

Let me first address the over $800 billion Republican tax proposal which perhaps will be debated tomorrow. How do they pay for this? They pay for it by using the projected on-budget surplus, not paying down the debt, not saving Social Security or Medicare, not investing in readiness, research, development, T and E, but a tax cut.

We are here today talking about the largest surplus ever recorded in dollar terms and the largest since 1951. Let me repeat that. We are here today talking about the largest surplus ever recorded in dollar terms under this administration and the largest since 1951 when Harry Truman was President of the United States, the largest since 1951 as a percentage of the gross domestic product, because the President's economic plan passed in 1993, and the Democratic Congress, without a Republican vote, it focused on reducing deficits, paying down debt held by the public, investing in our people and opening markets.

Our publicly held debt today is $1.7 trillion below what it was forecast to be by President Bush's director of the Office of Management and Budget. Let me mention that again. In 1992, in December, President's Bush's director of OMB, Dick Darmen, submitted an analysis to the Congress in which he said today's deficit was going to be $1.7 trillion more than it actually is. It is less than projected because of that economic program.

This fiscal prudence has resulted in many achievements. Our Nation is seeing record economic growth for 5 years in a row. We have an unemployment rate which is the lowest peacetime rate in over 4 decades.

I would say, as the gentleman from California (Mr. GEORGE MILLER) said, that is a result of a program that was universally, unanimously opposed by our Republican colleagues. Real family income is up, real hourly wages are up, private sector growth is booming at the fastest rate since Lyndon Johnson was President. Business investment is at a higher rate than at any time since President Kennedy was in office, and Federal Government spending has been reduced to the lowest level in a quarter of a century.

The tax cut plan by the Republican majority would bring us back unfortunately and fearfully to deficits realized during the Reagan-Bush years where we went from $985 billion in debt in 1981 to $3.2 trillion just 12 years later. We tripled, almost quadrupled, the national debt in 12 years.

Let me remind everyone here that debt held by the public in 1981 was, as I said, 985 billion. Now 3.247 trillion; not now, in 1993. The tax plan that is being proposed will cost more than 864 billion over 10 years. Actually, that will be $1.02 trillion when we consider the extra interest that will be paid because we do not, as the President has proposed and as we propose, pay down the national debt and save literally the American taxpayer billions and billions and billions of dollars in interest that they would otherwise pay if we did not reduce, as we propose to do, the debt. It will add an additional 1 trillion in public debt over the next 10 years and balloon to 3 trillion over the following 10 years.

Now I have three children and two grandchildren. I do not want them to have to pay off that added debt. I think it is immoral for us to follow that course. I think it is incumbent upon us as a generation that is doing very well to pay our debts and to leave the next generation, the young people of America, in a position where they can invest their money in the priorities of their time, not of our time.

Who would end up paying for this increase in interest rates if we do not pay down the debt? Consumers, home purchasers, farmers and small businesses in the form of higher interest rates. So while on the one hand they would have thought they got a tax reduction, in fact they will get an increase because of the interest rates.

By proposing a tax cut, the Republicans also in my opinion ignore something that every American depends upon every day, a strong and creditable defense. If this tax cut is realized, defense spending would be $200 billion almost, less than the President's plan over 10 years. This, Mr. Speaker, is in my opinion unacceptable and unsafe in this unstable and dangerous international community.

I have shortened my discussion just a little bit because I have so many of my distinguished colleagues that have joined me.

The balanced budget agreement cut defense spending to a level dictated by an arbitrary formula. That was what we adopted in 1997. I voted for it because in that time we had large debt, not surpluses, confronting us. That formula, which was as a result, has removed the careful considered judgment of the President, civilian and military leaders and this body in deciding appropriate spending levels.

My colleagues saw the gentleman from California (Mr. GEORGE MILLER) a little earlier say the assumption of the Republican tax cut is that everything will stay on hold, all domestic and defense discretionary spending, essentially on hold. There is no question that defense spending has diminished below the point many of us would like to see, but the cause of this cannot and should not be the subject of partisan finger pointing at one party or the other. We have heard too often recently the Republican side of the aisle, quick to blame the President for what they allege to be a hollowing out of our military.

The President's record on defense spending has not created, in my opinion, and I think the record reflects, a hollow force. On the contrary, today's Armed Forces are well prepared, well trained and dedicated as ever. But we must continue to invest. We must continue to ensure that our military is ready, prepared for whatever eventualities may occur. Our equipment remains effective and superior to our adversaries, as we have just seen. The performance of our men and women in uniform has been and continues to this day to be outstanding. Our military needs to be supported in a responsible manner.

Now frankly my Republican colleagues say that that is what they want to do, but then they propose a tax cut which will inevitably lead, as it did from 1986 to just a couple of years ago, 1986 to essentially, and the gentleman from Missouri (Mr. SKELTON) will perhaps tell us, but 1995 and 1996, to a continuing decrease in effective net defense spending. That was not prudent. We ought not to follow that course, but the tax cut will inevitably lead us to that end.

The Armed Services must compete with the robust economy which has provided a market rich for the technical, mature, educated product that our Armed Forces has produced.

□ 2000

The President has kept the Nation's armed forces strong and our military is the envy of the world. Mr. Speaker, just as we agreed in 1997 to work together to solve our economic crisis of dangerous deficit spending, we must now work together to ensure a continued, strong national defense and a continued, strong economy, and a continued reduction of the debt so that the American public and our children will be out of debt and keep interest rates low. That is the best thing we can do for our public.

Tomorrow, we will debate perhaps, we do not know yet, they are talking about it, the tax scheme which, among many things, will jeopardize our fiscal commitment to our Nation's defense. We in Congress must vow never, never, never to sacrifice our Nation's defense for the sake of partisan politics, and we must pledge to work together to ensure a ready superior force, prepared always to defend our Nation and its interests throughout the world.

Mr. SKELTON. Madam. Speaker, will the gentleman yield?

Mr. HOYER. I yield to the very distinguished ranking member of the Committee on Armed Services from the State of Missouri (Mr. SKELTON).

Mr. SKELTON. Madam Speaker, I certainly thank the gentleman, and I also compliment the gentleman on asking for and receiving this Special Order.

Mr. Speaker, we are talking this evening about priorities for spending this surplus budget. Of course, we hope to reduce the Federal debt, we hope to protect Social Security, we hope to protect Medicare; we must fully fund the military as the gentleman talked about so well. As a matter of fact, I have declared this year, and we have worked for and I think successfully in the bill that we have passed, and we are now in conference on with the Senate, I have named this the Year of the Troops, because we have done good things in this bill to make conditions better for them, their pay raise and potential pensions better for them, and this really is, this year, the Year of the Troops. There are recruiting problems, there are retention problems, keeping those fine young men and women in uniform rather than going home discouraged, urging them to recruit, to come in and join the magnificent adventure that we know as the American military.

Madam Speaker, one thing that concerns me is our military retirees. Let us look at this whole issue through the eyes of a military family. The father is one who has spent 20 years in the military and retired as a sergeant first class. He has done well. And he has a son who is now in the military and has been in the military some 6 or 7 years, and that son has a wife and children, and they look at Congress as to what does the future hold for us?

Well, first, let us look at the young man, the young corporal who is in the military at the present time. His wife is working hard because of the fact that they have 3 children. They are on food stamps. This is not acceptable for any member of our military to have to receive food stamps to feed them. And yet, that is the case in this particular family.

Let us look at the father who spent some 20 years in active duty, an honorable discharge, one who performed his duty well, whose time had been under fire in adverse conditions, receiving commendations therefor. And this man, this military retiree develops a serious health problem and goes to a nearby military post and asks for help, and he is turned away because of his age, because of the fact that there are no facilities to take care of him. And he is bitter. He said, but when I joined the Army and they asked me to stay for 20 years for a full commitment that they would take care of my health problems for life, and then he finds that that is not the case.

We are letting down two generations of young military and senior military people. We cannot allow that to happen.

How do we stop it? We look toward this fortunate budget surplus that we have. And I might say, Madam Speaker, that I was very proud to be a part of the beginning and the continuation of the budget surplus through the votes that we held here through the years. We must take care of this family and families just like them.

The Committee on Ways and Means is marking up the reconciliation bill that will provide for billions of dollars in tax cuts over the next 10 years. I am very concerned that these tax cuts are being contemplated when we have not ensured that adequate health care will be available to our Nation's seniors.

I am particularly concerned about providing health care to military retirees. When they joined the military, many of them during the Second World War, they were promised lifetime health care facilities if they completed 20 years or more of military service. My hat is off to them for doing that.

Tom Brokaw recently wrote a book entitled The Greatest Generation, and these are the men and the women of that generation that helped build America. They came through the Depression, won the war on both ends of the earth, in Europe and in the Asian area, came back and built our economy and strengthened our freedom and made us the grandest civilization ever known to the history of mankind, and these are the same ones that are being deprived of medical health care, even though they have performed their 20 and 20 plus years of active military service. It is not right for them.

We must do a better job. We must look very seriously at this budget surplus. We must take care not just of the troops that we have now, and I am so proud of them. I am so proud of them, what they did in the effort regarding Kosovo is a new chapter in American military history. But yet, those who are retirees wrote their own chapters in military history. I am proud of them so much as well.

So I must say to my colleagues, let us think hard and long on this. Let us use this budget surplus to help those young men and young women in uniform today and those who wore the uniforms so ably and so well in yesteryear. We can do it. It is a matter of reason, a matter of taking care of first priorities first.

Our national security is the first challenge, it is the very first precept that we in Congress have is to have a national defense for our Nation. In doing so, we must not break faith with those in the past, we must not break faith with those young men and young women in uniform today.

So I compliment the gentleman, and I look forward to using the budget surplus well and not let it be taken away from the military, from the national defense of our beloved country. I yield back.

Mr. HOYER. Madam Speaker, I thank the very distinguished gentleman from Missouri who, if our party were in control, which we are not, would be the chairman of the Committee on Armed Services, who has served on that committee with great distinction for some 2 decades and who has made enormous contributions to the strength of this Nation.

I would again reiterate that he and I and others who will speak, while we are saying that we need to make sure that the military component of our country is strong and fully funded, we are saying that the majority of the surplus ought to pay down that debt, because then our entire country and our economy will be strong, and we will have the resources to keep not only a strong defense, but a strong educational system as well, and to save and ensure the security of Social Security and Medicare, so that we can accomplish those objectives which will benefit all of our Nation and the international community as well.

Madam Speaker, at this time I would now like to yield to my good friend, the gentleman from Mississippi (Mr. TAYLOR), and the ranking member, who also would be a chairman of a very important subcommittee of the Committee on Armed Services. I thank the gentleman for joining us.

Mr. TAYLOR of Mississippi. Madam Speaker, I would like to clarify a couple of things, because the folks back home often hear about a surplus. I guess the President started saying it, the Republican leadership tried to one-up him, but I think it is accurate to say that through this month, there really is no budget surplus.

For the first months of fiscal year 1999, that is October through May, the Treasury reported a cumulative surplus of $40.7 billion. But it is composed of an off-budget surplus of $78.8 billion. That is things like Social Security taxes that are supposed to be set aside for paying Social Security benefits and nothing else. To spend them in any other way is to steal from the American people. There is an on-budget deficit of $38.1 billion. The Office of Management and Budget estimates a fiscal unified surplus of $98 billion to be composed of $123 billion surplus, but that is off-budget, minus a $24.8 billion on-budget deficit.

Folks, Social Security trust funds are a promise between the American Congress and the American people. It is a special line item in your taxes. It is a promise that that money will be collected and set aside for your benefits and your spouse's benefits when that time comes in your life when you need them. For this Nation to spend them on anything, to give someone else a tax break with your Social Security money, is a crime against you.

The Federal debt is still growing. At the end of May, the public debt was $5.6 trillion. For someone from Bay St. Louis, Mississippi, that is pretty hard to comprehend. For the first 8 months of this fiscal year, the public debt actually increased by $78 billion.

Now, something we may not realize is that your government borrows money, and when your government borrows money to have to pay interest just as you would on your Visa card, on your home loan or on your car loan, the interest on the Nation's debt is the single largest item on the Federal budget.

In fiscal year 1998, last fiscal year, $363 billion was spent on interest. That is your money, that is your money that could have gone for education, it could have gone towards the military, it could have gone to build roads. Instead it went to some banker or some lending institution that lent this money to the Nation, and one-third of that money went to foreign lending institutions, because that is who owns one-third of our debt.

Through the first 8 months of this fiscal year, the Treasury has already paid out $222.7 billion of your money on interest. Just to let you know, since the gentleman from Missouri (Mr. SKELTON) and I serve on the Committee on National Security. For the first 8 months of this year, we have spent $50 billion more on interest on the debt than we have on the military, and the year is not over yet.

Lastly, the point I want to make is we cannot undo 40 years of deficit spending with a couple of months worth of surpluses. The last time our Nation had an on-budget surplus was in 1960. Since then, the debt has increased by $5.7 trillion at an average of $136 billion each year. For my Republican colleagues to say that there is plenty of money to give the wealthiest Americans a tax break is totally false. The only way they can do it is to take your Social Security Trust Fund, your taxes, and give someone else a tax break with your taxes. That is not why I came here. I came here to try to do the right thing, not the easy thing. They want to do the easy thing.

Madam Speaker, that is not the worst of it. The gentleman from Missouri (Mr. SKELTON) pointed out the horrible injustice done to our Nation's military retirees, people who spent years in places like Vietnam, in Korea, in Germany, now in Bosnia, Kosovo, people who dedicated the prime of their lives to defending you and me and our families. They were promised, every single one of them was promised free health care for themselves and for their families for the rest of their lives if they served honorably for 20 years. When I enlisted in 1971, the promise was made to me. I did not stick around for 20 years, so I did not earn it. But those who did earned it. It was in the Army's recruiting brochure all the way up until 1991. It was a promise that was

made, a promise that has to be kept. How on earth do you keep that promise if you give all the money away in tax breaks?

The gentleman from Missouri (Mr. SKELTON) did not mention it by name, but the program that would allow military retirees to continue going to the base hospital, even after they turn 65, is called Medicare Subvention and it is a very simple concept. It would allow that base hospital, be it Keesler Air Force Base in Mississippi or a Naval air station or a Marine Air Corps base, to send a bill to Medicare for providing medical care to a veteran who has served our Nation for 20 years, just like they would the private sector doctor who treats that same person. It would cost our Nation $1.2 billion to fulfill that promise of health care to our veterans, to our military retirees.

□ 2015

Is it in this bill? No. There is $800 billion worth of goodies for their big contributor friends, but not a penny to take care of our military retirees, not one cent.

Those who paid the price come home with the least. Why? Because they do not have lobbyists down the street. They do not have lobbyists at the Capital Grill and the other four and five star hotels and restaurants here in Washington.

They can barely get by. They can barely pay for their prescriptions. So in the eyes of my Republican colleagues, they do not count. They will not make a big campaign contribution so they do not get just $1.2 billion to fulfill that promise that has been made by every recruiter in our country for the past 50 years. And they are going to say that this is good for the Nation? That is baloney.

It gets worse. It gets worse, because I was talking about retirees. What about the active force right now? What about the typical soldier who is spending 120 days a year away from his family, a typical Marine 150 days, a typical airman about 120 days, a typical sailor, 180 days out of this and every year away from his family; not seeing his kids growing up, not being there for the piano recital, his kid's Little League ball game. He is giving up half his life to defend us.

What do they have in it for him? After 5 years of Republican control of Congress, what do they do for them?

This is a lady named Lisa Joles. She was on the front page of today's Washington Post. She is the wife of a United States Marine. She is picking up a used mattress off the curb at the Quantico Marine Base on Saturday. She and other spouses do this on a periodic basis to make furniture available for the people serving our country, defending our country, as we speak.

What is in this package of $800 billion of goodies for the special interests, the big bucks contributors, that are right now over at the Capitol Hill Club, right now at the Capital Grill, right now at the Mayflower and all the other fancy hotels and restaurants in Washington? What is in it for Lisa and her family? Absolutely nothing, because the truth of the matter is, after 5 years of Republican control, the defense budget is still about $30 billion less than it was just 8 years ago.

They said this was the folks they were for. What do my colleagues think Lisa gets out of that bill? My guess is she does not get a doggone thing.

That is not the worst of it. Look at this guy, a United States Marine. How hard did he have to work to earn that title? In addition to all the things he went through just to earn that title, he is gone from his family about 150 days a year, defending us, front line of freedom, toughest guys we have out there.

This gentleman is in today's Washington Post, and I hope everyone will forgive me if I get his name wrong. He is Lance Corporal Harry Schein. His son's name is Devantre.

The reason he is in today's Washington Post is to make the point that he works two part-time jobs so he can live on his Marine salary and take care of his son.

That is not the worst of it. The real tragedy is that what I have shown are not exceptions. They are the norm. After 5 years of Republican control, the guys who said they were going to come here and make national defense their first priority, we are seeing what their first priority is tomorrow: $800 billion in tax breaks, mostly geared to the top 1 percent of income earners in America. The top 1 percent get more than half of the money.

I do not think there is one person in this room that falls in that category. There is probably not one person watching this on television that falls into that category. They are probably at the Capitol Hill Club. They are probably at the Capital Grill, the Mayflower. They are probably writing some Republican a thousand dollar check because, boy, they are going to get it back with that tax bill; they are going to get it back tenfold. When someone gets, even under their plan, a 10 percent break, the guy who pays $1,000 in taxes gets back $100; but the guy who pays $50,000 in taxes, oh, my goodness, he gets $5,000 back.

They say it is fair? I do not think so. I came here to look out for the little guy, and believe me, the rich guys do not need any more representation here in Washington. They are overrepresented. I think the little guys need some representation for a while.

Just look at these numbers. These are the people who are defending our country right now. They are in crummy places like Kosovo. They are in crummy places like Bosnia. Heck, some of them are in Colombia; they are in Panama. Some of them are sitting on the tip of Cuba in a place called Guantanamo. They are sitting on the aircraft carriers for 6 months at a time. They are sitting under the sea in submarines for months at a time.

Fort Belvoir, an allotment for food stamps for United States active duty military, $66,000. For the women, infants and children's program, active duty military, their families, $138,000.

What of that $800 billion is for them? Nothing, because they pay the most, and they do not have lobbyists and they cannot buy dinners at the Capitol Hill Club or the Capital Grill or the Mayflower. So they get nothing.

If this bill passes, and $800 billion worth of revenue is taken out of the stream, it never gets fixed, because as I said at the beginning there is no surplus yet. We are getting mighty close to it. I am proud that we are getting close to it, but they do not take care of those folks. They are not only robbing senior citizens' Social Security trust fund, they are depriving those who pay the most of an opportunity to make a little bit more money.

What did they do for them in this year's defense bill? A 4.8 percent increase. Now, let me say, everything is relative. Everybody knows Congressmen make good money; 4.8 percent of a Congressman's salary is good money. 4.8 percent of nothing is nothing. And they say this is fair? They say this is good for the country? Who is kidding whom?

We have a chance to change that tomorrow. We really have a chance on this House floor to decide whether or not we listen to the American people or we listen to the big bucks lobbyists. Do voices count or do state dinners at the Capitol Hill Club, the Capital Grill, the Mayflower? Do thousand dollar contributions from the few mean more than doing the right thing for the many?

Oh, they are going to say, it solves the marriage tax penalty. It does, but these are the guys who are paying the price. These are the guys who are paying the price. It does nothing for them. All it does is ensure there will never be any money to fix those problems.

Do not take my word for it. I have served on the Committee on Armed Services for almost 10 years now. Let me quote some of my Republican colleagues. Let me quote a great man, the gentleman from South Carolina (Mr. SPENCE), himself a veteran, who is the chairman of that committee. This is a publication he put out in February. ''The President's fiscal year 2000 defense budget falls at least $18 billion short of what the Nation's military leaders have identified as unfunded requirements in the coming year, and nearly $70 billion short over the next 6 years.''

I would say to the gentleman from South Carolina (Mr. SPENCE), I agree,

but if they give it all away to the fat cats, where are they going to find the $70 billion to solve that problem?

Another Vietnam veteran, great American, the gentleman from California (Mr. HUNTER), quote from just last month, ''The war I am concerned about, Mr. Chairman, is the next war, and I am concerned about the stocks of ammunition that are now very low. I am also concerned about those young men and women who have served us so well in the air war that has taken place over the past 78 days. The best way we can serve those men and women in uniform is to see to it that we get a large number of them off of food stamps. I am talking about the 10,000 military families that are currently on food stamps.'' This is the gentleman from California (Mr. HUNTER), chairman of the Subcommittee on Military Procurement, House Committee on Armed Services.

''Another way we can serve them is to see to it that we have the spare parts to get our mission capability rates up above 70 percent and to get that crash rate which last year was 55 aircraft crashing resulting in 55 deaths,'' of brave young Americans, ''during peacetime operations down to a lower level, if not an acceptable level. All of that is going to take money.''

I would say to the gentleman from California (Mr. HUNTER), he is right; it is going to take money, but if we give it away to the fat cats and defense cuts, that money not only will not be there, it will not be there for the next 20 years because they give away $800 billion in the first 10, and then they give away an additional $2 trillion in the next 10.

It goes on. The gentleman from Pennsylvania (Mr. WELDON), a leader on this House floor for national missile defense, no one understands the subject better than he. He is sincere when he says these things, and I am going to remind everyone of what he has to say. ''In fact, if we look at the record over the past 7 years, the only major area of the Federal budget that has in fact been cut in real terms is the defense portion of our budget. In fact, it has gone down for 13 consecutive years. In the past 3 years, I have been a Republican and as chairman of the Subcommittee on Military Research and Development, voting consistently against the B–2 bomber, it is not that I do not like the technology. I think the technology is critically important, but I just do not think we can afford the B–2 bomber with the budget limitations we have and with other problems we face as a Nation.''

I would say to the gentleman from Pennsylvania (Mr. WELDON), we will never solve those problems if we give away $800 billion to the fat cats tomorrow and another $2 trillion 10 years after that.

Lastly, the Republican majority leader, the gentleman from Texas (Mr. ARMEY), April 19, 1999: ''Since the end of the Gulf War, our military has shrunk by 40 percent. Army divisions have dropped from 18 to 10; fighter wings from 24 to 13. The Navy used to have 546 ships. Now it has only 333. At the same time our deployments have increased. As the gentleman from Pennsylvania (Mr. WELDON) often points out, we have had 33 Army deployments in the 1990s alone, compared with 10 for the entire period from 1950 to 1989. Funding has been inadequate to meet demands. The result has been lower troop retention, slow recruitment, shortage of spare parts, deficient training. Clearly this Congress must pass on an urgent basis legislation to reverse the decline of our military. Only by doing so will we prevent trouble from breaking out in many parts of the world.''

Again, that is not me. That is the gentleman from Texas (Mr. ARMEY), the Republican majority leader.

So I call on the names that I just mentioned, the gentleman from South Carolina (Mr. SPENCE), the gentleman from California (Mr. HUNTER), the gentleman from Pennsylvania (Mr. WELDON), the gentleman from Texas (Mr. ARMEY). Tell me how are they going to solve the problems that they have so articulately spelled out and deprive this Nation of first $800 billion and then $2 trillion after that, when we are already running a deficit? The answer is, they cannot.

So I mention I serve on the House Committee on Armed Services, and for the first hour of every meeting I hear my Republican colleagues, one after another, talk about the shortfalls in defense spending. They have every right to do so, because they are there and they are real.

I also have every right, and I am putting them on notice right now, that should they vote to deprive this Nation's military of $800 billion tomorrow, I will remind them at every meeting, as long as I serve on that committee, that they contributed to the problem. They can vote to help solve it tomorrow. They can vote to help contribute to the problem. I hope they will do as they said when they pointed out our Nation's defense needs.

Mr. HOYER. Mr. Speaker, I thank the gentleman from Mississippi (Mr. TAYLOR) for his contribution. I do not think we have any stronger fighter for personnel in the House and the average personnel, the guys and gals who really make it happen when this Nation needs to have it happen. I thank the gentleman from Mississippi (Mr. TAYLOR) for also pointing out that there is no free lunch; that actions have consequence. While it is nice to talk about cutting taxes, it is difficult to do that when talking about $800 billion and then $2 trillion and say at the same time we want to save Social Security, save Medicare, pay down the debt so we can keep interest rates low and bring them down even further, and maintain a strong defense.

□ 2030

Madam Speaker, I hope that, when they try to say that, I know the gentleman from Mississippi (Mr. TAYLOR) will remind them on a regular basis that it is easy to say and tough to do.

Madam Speaker, I yield to the gentleman from Indiana (Mr. HILL), one of our most able, new Members.

Mr. HILL of Indiana. Madam Speaker, I want to repeat as a freshman Member of Congress what has already been said by the previous speakers. We have no budget surplus.

According to the Congressional Budget Office, we will have an on-budget deficit of $4 billion in the fiscal year of 1999. If we take away the surplus in Social Security, our budget is still running a deficit. If we read the fine print of the CBO report, we will not have a real budget surplus next year either. CBO estimates that we will have a $3 billion deficit for fiscal year 2000.

I do not believe that it is fiscally responsible to spend money that we do not have and that we may not have in the future. After 30 years of budget deficits, this Congress has still not learned it cannot spend money it does not have.

As we stand on the bridge of finally balancing our budget and beginning to pay down our $5 trillion debt, the leadership of this House has put forward a bill that could blow a giant new hole in our budget and create trillions of new dollars of debt that our children and grandchildren will have to pay.

What happens if the budget forecasts change and our economy does not produce the surpluses the experts are now predicting? We will turn again to Social Security and its trust fund and use the Social Security trust surpluses to conceal the irresponsible behavior just like Congress has done for the last 30 years. This is wrong.

The decisions we make this week about our budget priorities will affect millions of Americans, including our veterans, the people who put themselves in harm's way for our country.

I just received a seat on the Committee on Veterans' Affairs, and I am learning how many unmet needs there are in our veterans' community. Many veterans are not receiving the health care, as was previously mentioned, and other benefits they were promised when they enlisted to defend our country.

Over the next few years, Congress must act to make sure that we keep the promises that we made to our veterans when they enlisted in our armed services. We will not be able to keep these promises if we pass a bill this week that soaks up every cent of our

projected budget surplus for the next 10 years. We will have no money to fix the problems that plague our veterans' health care system.

So, Madam Speaker, I urge this body to set aside whatever real surpluses we have over the next few years to pay down our God-awful debt that we have collected and to protect Social Security, Medicare, and our country's veterans. This is the responsible thing to do.

Mr. HOYER. Madam Speaker, I thank the gentleman for his contribution, and I think he articulated it very well, very concisely. That really is the alternative we have of acting responsibly or acting irresponsibly, very frankly, as we did when we quadrupled the national debt and put that on our kids and the next generation. I think the gentleman's contribution was very, very significant.

Madam Speaker, it gives me a great deal of pleasure to yield to the gentleman from Mississippi (Mr. SHOWS), one of our newest Members of Congress, but one of our most able Members of Congress.

Mr. SHOWS. Madam Speaker, I appreciate the opportunity to be here. I do not know if I can articulate it as well as the gentleman from Mississippi (Mr. TAYLOR) did with his 10 years of experience on the Committee on Armed Services.

I think we are all here tonight saying we do not oppose tax cuts, but I think they ought to be targeted tax cuts, I mean real tax breaks to help real people, help folks like with college tuition, nursing home expenses, starting small businesses, and to help our American farmer.

What I do not support is a tax plan that is irresponsible and how it adversely affects children, senior citizens, agriculture, our veterans, and our national defense.

Tonight, I want to focus on our veterans, those who have protected the gates to democracy, have stood on foreign soil, and battled adverse odds so that we can stand here tonight.

I have got to mention my father, Clifford Shows, who fought in World War II and was captured at the Battle of the Bulge, almost amputated his feet when he got out, Madam Speaker. He spent 6 months as a POW, marching in the snow as a prisoner of war. He and the thousands of others from this generation have carried us through a Great Depression and won a world war.

Like Tom Brokaw says, ''I believe they are our greatest generation. These veterans, and the others from Korea, Vietnam, the Gulf War, and all those who have stood so strong that our flag can proudly fly today are our veterans, and they deserve our strong respect and support.''

I am a new Member of Congress and a new Member on the Committee on Veterans' Affairs. I have sat through testimony after testimony about the President's budget. I have sat through testimony about the state of the VA health care system. I have read about VA plans to lay off 1,100 workers at veterans' hospitals.

Right now, if it was not for the volunteers who are working in our veterans' hospitals, I do not know what the staff of these hospitals would do. Needless to say, this has not been an encouraging few months with regards to the needs of our veterans.

Now, over an $800 billion tax cut is being proposed, one that only provides real savings to the wealthiest in our Nation. This proposal comes at a time when the VA is struggling to maintain the health care needs of veterans. These tax cuts are just irresponsible.

When my father goes to VA, he has to drive 2½, 3 hours to get to a VA hospital. We want satellite facilities, but can we afford to do it under this proposal?

This Congress passed a budget resolution that would increase funding for veterans' health care by $1.7 billion, and it is not enough. We must focus on keeping that commitment.

Now is the time to stay focused on the needs of our veterans. Did my colleagues know that veterans' hospitals across the country have to rely on these volunteers, or we would not be able to give them the basic service they have right now; that the number of hospital beds are being decreased; and that veterans cannot receive the attentions from doctors that they deserve?

The World War II veterans right now are dying at a rate of over 150,000 per month. I hate thinking about that. But we must, and we must not only think about it, we must take action to fix it. We can fix it, and we can take action.

The integrity of our budget, real reduction in the national debt, saving Social Security and Medicare, supporting our veterans and targeting tax cuts that really help folks can be done. Playing politics with tax money, making irresponsible 10-year projections about surpluses that can change as quickly as the projections must not be done.

Sound bites are fine and dandy. But what we need are real solutions for real problems that touches the lives of real people is what this Chamber must be about. Let us do these things that are right. Let us support our veterans. They have supported us. They have fought for us, and they have protected us. We are free today to be here today because of our veterans.

Mr. HOYER. Madam Speaker, I appreciate very much the intervention of the gentleman from Mississippi (Mr. SHOWS), and I hope that he will take back to his dad our thanks, not just from those of us who have heard him speak tonight, but from a grateful Nation.

I think we all agree with Tom Brokaw that this was one of the great generations of all time in this country who, when the challenges came, knew that the costs would be high, but they were willing to pay it.

My opinion is the American public knows that freedom is not free, that keeping our promises to our veterans is not free, that paying down that debt is not free. They have to pay down their debt all the time, and they know that, when they do, their families are better off. The gentleman from Mississippi (Mr. SHOWS) makes the point that that is what we need to do as well, and I appreciate his contribution.

Madam Speaker, I yield to the gentleman from Washington (Mr. DICKS), one of our most distinguished senior members of the Congress of the United States who, in my opinion, is one of probably 10 of the real experts on defense issues and the readiness issues and the status of our Armed Forces here and around the world that we have in the Congress of the United States.

He is from Washington State. He has been a Member of Congress for over 20 years. He is the second ranking member on the Committee on Appropriations Subcommittee on Defense, and I am very pleased that he joined us tonight.

Mr. DICKS. Madam Speaker, I want to thank the gentleman from Maryland (Mr. HOYER) for taking out this special order. I must say, over the years, I have enjoyed working with STENY HOYER, because I think he is one of the most serious and most reflective Members of this institution.

I must tell my colleagues that I am very, very concerned that we are going to repeat a mistake that we made in the 1980s when we passed a major tax cut bill in 1981. We had a defense buildup that only lasted until 1985, midway through the Reagan administration. Then we went for many years cutting defense every single year simply because we did not have the money.

Now we are faced with a situation in, let us face it, a post-Cold War era where we realize that we have cut defense now by 37 percent. We are faced with the problem that, with discretionary spending being cut, as it has been over these last several years, that if we have another major tax cut that will take up a lot of discretionary authority, that we will wind up not being able to do for defense what we need to do.

Now, one of the great myths in this institution is that the Republicans are for more money for defense. But the facts do not really tell that story. The President's budget request between fiscal year 2000 and fiscal year 2005 is $198 billion higher than the Republicans.

Now, I think there is a few Republicans, if they knew that, they might follow the gentleman from New York (Mr. FORBES) and come our way. But

the reality is that, if we have another major tax cut, that we are not going to be able to take care of the needs of defense in the future.

I worry about this because President Clinton put $112 billion additional money in the defense budget. Even with that, we are still having a major problem with readiness, with training, with replacing the older weapons systems that need to be replaced.

So I hope that the Republicans who claim that they want to increase defense will realize that, if they pass these huge, massive tax cuts, that there simply will not be the money in the future to adequately take care of the defense needs of our country.

We are faced with decisions this year already in the defense mark-up about whether we can afford certain weapon systems because the Chief of Staff of the Air Force sends over a list of $18 billion in unmet needs that he has. That is one of the services. Also, we are seeing a situation where the Navy and the Air Force, for the first time, are not able to meet recruiting goals. So we have got serious problems.

I think the Democratic alternative of having a tax cut with a more targeted tax cut that will not take up as much money in the future is a much sounder policy and will allow us to have the resources necessary in the future to take care of our defense needs. Having gone through this once in the 1980s, I would prefer not to go through it again.

I appreciate the gentleman from Maryland (Mr. HOYER) for taking out this special order tonight to give those of us who are concerned about defense a chance to mention these important facts. If my colleagues remember the great story of the fact that, between George Washington and Jimmy Carter, we had a deficit of only about $980 billion, and then, after the tax cut in 1981, we had a $4.5 trillion increase in the debt.

Now, even with the good news in the economy, it would still take us 2015 to pay off that entire debt if we were using restraint.

I will tell my colleagues in my district, my constituents would say pay off the debt before we do another tax cut and make sure we have got enough money to protect defense, Social Security, and Medicare. Those are the right priorities.

□ 2045

Mr. HOYER. Madam Speaker, I want to thank the gentleman very much, and I could not agree with him more; that those are the right priorities. And that, of course, is the point of this special order, and the remarks of my colleagues who have spoken, have spoken of those priorities.

The gentleman from Washington and I went through the 1981 experience together, and we do not want to relive that.

Madam Speaker, I will now yield to my good friend, the gentleman from Texas (Mr. TURNER), a former State Senator now Member of Congress from Texas, who has now been here for a number of years and has really become an expert on a number of matters.

Mr. TURNER. Madam Speaker, I thank the gentleman and appreciate his having this hour for us to talk about perhaps the most important issue that this Congress will face in this session. The proposal to reduce taxes at a time when we are just now beginning to see a balanced budget is indeed an issue that we must all confront with a great deal of concern.

The chart to my left shows the history of Washington spending more money than it has taken in. In fact, we have gone for 29 years in Washington spending more money than was taken in. This chart shows the history by presidential administration.

My colleagues will notice that President Johnson was the last president to have a balanced budget. Through the years of President Nixon we had budget deficits. They got larger through President Ford. They got larger through the administrations of President Carter. They got much larger through the administrations of Ronald Reagan. They got even larger during the administration of George Bush. And it has only been during the Clinton administration that we have begun to see reductions in the annual Federal debt.

In fact, this past year was the first time that the annual deficit was not there. In fact, we had a surplus in the overall Federal budget. And it will be only next year that we will actually have a true surplus based on the projections when we look just at the general operating fund of the Federal Government and do not look at the surplus in Social Security.

The next chart reveals what has happened through all those years of accumulating annual deficits, spending more money every year than we took in. We can see we have accumulated an increasingly large national debt, until today we owe over $5.6 trillion.

When we look at where money is spent in the Federal Government, and these are figures from fiscal year 1998, we see that interest on the Federal debt is now the second largest category of Federal spending. In fact, in the blue we see that in 1998 we spent $364 billion just to cover the interest on this $5.5 trillion national debt. Only Social Security was an area where we spent in the Federal Government more money.

If we look at the green, we can see that national defense, the third largest area of expenditure, was only $268 billion, falling beneath the amount that we spend every year just to cover the interest on the national debt.

We also know that defense spending has gone down since 1962. Defense spending back in 1962 constituted one-half of the Federal budget. Today, it only constitutes 16 percent.

When we hear all this talk about the surplus, we need to understand that the surplus is just an estimate of what the Congressional Budget Office thinks we might see in the years ahead. And, in fact, it is based on some assumptions and some projections that may not turn out to be true. In fact, we may not really have a $2.9 billion surplus. If any of these four things were to happen at one time, we would have no surplus.

For example, if Federal spending increases, instead of going down, as is projected under the Balanced Budget Act of 1997, just kept up with inflation for the next 10 years, 18 percent of that surplus would disappear.

If Medicare spending grows at just 1 percent faster than is projected, 12 percent of the surplus disappears.

If productivity grows at the rate of 1.1 percent per year, the average since 1973, instead of the number the Congressional Budget Office used of 1.8, then 53 percent of the surplus disappears.

And if the unemployment rate just goes up one quarter of 1 percent, 17 percent disappears and there is no surplus.

BUDGET, DEFENSE, AND VETERANS' ISSUES

The SPEAKER pro tempore (Mrs. WILSON). Under a previous order of the House, the gentleman from Mississippi (Mr. TAYLOR) is recognized for 5 minutes.

Mr. TAYLOR of Mississippi. Mr. Speaker, I yield to the gentleman from Texas (Mr. TURNER) to continue his discussion.

Mr. TURNER. In summary, Madam Speaker, if each of those four assumptions turn out to not be true, we will find out there is, in fact, no surplus.

When we have needs in Social Security, needs in Medicare, needs in national defense, all of these require us to have additional funds. And if we want to pay down the national debt and not pass on that burden to our children and grandchildren, we need to reject this blockbuster $864 billion tax cut that will be before the House this week.

Mr. TAYLOR of Mississippi. Madam Speaker, I yield to the gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Madam Speaker, I rise today to ask Congress to maintain fiscal discipline and to work to reduce the national debt.

In the coming weeks, we are going to be talking about tax cut packages and what to do with the projected budget surplus.

I underline projected. It does not exist, it is just imagined.

The Congressional Budget Office earlier this month revised its budget outlook upward saying the budget surplus would reach a total of $996 billion over the next 10 years assuming existing revenue and spending policies remain in place and the economy continues growing

at rates at least equal to its performance today.

The Office of Management and Budget, relying on the same kinds of assumptions, projected the budget surplus would grow to $1.08 trillion over the next 10 years.

These projections are very dangerous.

Only three years ago they were projecting deficits for as far as we could see.

Now it is surpluses.

We simply should not spend money we do not have, and when we get some extra, we should pay off the debt.

A new study by the Center on Budget and Policy Priorities shows the projected budget surpluses may not come true.

This study shows that the majority of this so-called surplus is based on Congress maintaining the budget caps set in the 1997 Balanced Budget Act.

But, Mr. Speaker, Congress this year alone has already broken those caps by almost $30 billion in unanticipated spending.

If we set aside the Social Security trust fund, as we should, protect Medicare and deal with emergencies, there will be a small surplus, and it should go to pay off the debt.

While some folks are getting caught up in a surplus feeding frenzy, we should be conservative and be careful before spending projected surpluses that may not materialize.

We should not rely on ten and fifteen year budget projections to justify large tax cuts or new spending programs.

Budget projections for the next ten years have improved by nearly $2 trillion in the last twelve months—they could go the other way just as quickly.

Today's budgetary projections are headed in the right direction but they are simply best guesses.

If a surplus actually appears, we should use it to get our budget on a solid long-term path by paying down our debt and dealing with Social Security and Medicare first.

Paying down the national debt is the most important thing Congress can do to maintain a strong and growing economy with low inflation.

Madam Speaker, we talk about these projected surpluses like they were real money, but there is an old joke in the part of the country where I come from where they talk about the board of directors that was going to hire a new CEO.

They brought in an accountant and they interviewed him, and they said, what is two and two? And he said, well, it depends on whether it is a deficit two or whatever column you put it in. So they rejected him. They brought in an engineer and they said, what is two and two? He said, well, it depends on whether it is a plus two or a minus two. It depends on how you put it together. You can get different answers. Then they brought in a Republican budget forecaster and asked him. They said, what is two and two? He looked under the table, in the closet, behind the curtains, under the chairs, and then he looked at the board of directors and he said, what do you want it to be?

That is what we are looking at here. We have numbers here that do not mean anything. It is someone's imagination. We should not take the chance when we do not have the money and ignore the fact that we have to save Social Security, we have to save Medicare, we have to take care of our veterans and our farmers and educating our children.

Most of all, we owe it to our children to pay off this debt. We simply cannot let this debt go on and on and on. With this money, when the surplus does exist, we should recognize our responsibilities and not pass this debt on to our children and grandchildren.

Mr. TAYLOR of Mississippi. Madam Speaker, I yield to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Madam Speaker, what has been the point of this special order? The point of this special order is that we ought not to throw the dice again as we did in 1981. We threw the dice in 1981 and said we are going to balance the budget; we are going to cut $750 billion in taxes. And lo and behold we thought we were going to cut spending. But what happened? For 12 years Presidents Reagan and Bush suggested that we increase spending. And they asked for more spending over those 12 years than the Congress appropriated. We quadrupled the national debt and we pushed down our kids and their generation and the generations to come.

The point of this special order is to say, let us not do it again. Let us not gamble on that surplus existing. Let us take it prudently and apply it to reduction of debt, saving of Social Security, stabilizing and ensuring Medicare, and investing in our national defense and other domestic priorities, to the extent that we can, so that the next generation of Americans to come will say, ''That was a fiscally responsible generation, and, as a result, our economy continued to grow, to create jobs and opportunities for our young people and good times for our families.''

The gentleman from Mississippi (Mr. TAYLOR) talked about families, many of whom serve in the military. We need to take care of them before we take care of those who have so much.

Madam Speaker, I hope, we all hope, that tomorrow, or whenever that tax bill is brought to the floor, that we look the American public in the eye and tell them honestly, ''We will manage your money so that your debt will be reduced, your economy will remain strong, and the fiscal management of America will continue to be responsible.''

TAX RELIEF FOR THE AMERICAN PEOPLE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFFER. Madam Speaker, I would invite all Members of the Republican majority and our Republican conference to join me on the House floor for this special order. This is an hour I have secured on behalf of our conference, and I know there are many who are eager to come to the floor today and have expressed their desire to come to speak about the prospect of passing real tax relief for the American people.

The debate over this topic is an interesting one, and it is one that we have heard part of so far tonight. But I want to tell the other side of that story and alert House Members and those throughout the country who are perhaps monitoring tonight's proceedings precisely what is at stake with the debate on the projected taxpayers' surplus, or overpayment of tax revenues, and the prospect of tax relief for American families.

We just heard the previous speaker talk about his assurances that the government will manage the taxpayers' money. And they will propose to do it well. I have no question or doubt about that. I believe all Members of Congress are sincere and that those of us who are charged with the responsibility of keeping track of the taxpayers' cash would like to do that in a responsible way and would like to manage that money well. But that really neglects the underlying debate, and that is who should be managing the money of the taxpayers?

Now, those dollars that have legitimate cause to come to Washington to be spent should be managed well, certainly, and that is our job as Members of Congress, but the fact of the matter is the American taxpayers are overpaying when it comes to their taxes. They are sending more cash to Washington, D.C. than is necessary to legitimately run the government. So the question becomes: What do we do with the projected taxpayers' surplus?

Now, the core principles of tomorrow's debate and the debate that is ongoing in Washington, in fact the difference between liberals, those we just heard, and conservatives, that we will hear now, is on the following basis:

Conservatives, the Republican Party, believes in personal freedom, and that is as opposed to our opponents' objectives, those we just heard, of government control. And I emphasize the notion of government control again by citing the quote that we had just heard on the floor; that government will manage the taxpayers' money.

Conservatives believe in personal freedom; our opponents on the House floor, who oppose tax relief, believe that government should control the taxpayers' cash.

Republicans are for lower taxes versus higher taxes. Republicans are for limited government versus big government. We are also for economic

growth versus the bureaucratic control of our economy. And we are for more jobs versus red tape.

The debate on tax relief and what to do with the tax overpayment could not be boiled down any more simply than that which we see here.

So let me carry on on those very points, and let me start by referring to some of my own constituents. I, like many other Members of Congress, meet with constituents as often as I possibly can. In fact, I hold a town meeting in my Congressional District every Monday morning before I hop on a plane to come here to Washington. I also send out public opinion surveys to my constituency and ask them to give me their opinions on a host of issues.

I ask questions like, ''What is the single most important issue facing the country today?'' ''What is the single most important issue facing your family?'' ''What do you think are the biggest challenges for our schools?'' And so on.

I just grabbed a handful as I was walking out of the office today. We read these as they come in. Question number seven on my ''Congressman Bob Schaffer Public Opinion Survey'' is: ''What should be done with any Federal budget surpluses?''

□ 2100

A respondent, Kirk and Kathy Brush from Fort Collins, Colorado, write in, ''True surpluses should result in tax cuts.''

Here is another one. Again question No. 7, what should be done with any Federal budget surpluses? ''To strengthen Social Security and reduce taxes.'' That from James Sanden of Fort Collins, Colorado.

Mr. and Mrs. Gerald Simmons say of the surpluses, ''Any surpluses should be returned to the taxpayers.''

I have more. Here is a gentleman who sent a letter in with his response. This is another individual from Fort Collins, Colorado, Mr. Ray. Mr. Ray says that taxes are the number one issue when it comes to the surplus. Relief for retired persons living on pension income. While the contribution to most allocated pension accounts were made tax-deferred and the earnings deferred, I believe the tax upon withdrawal should be less than the rate for ordinary income. After all, that money which mostly goes into the stock market enables corporations to have additional capital to expand, thereby advancing our economy which generates additional revenue for the government.''

He hits it right on the head. Here is another one. The McFarlands, Mr. and Mrs. McFarland. They wrote in, again the question, what should be done with the Federal budget surpluses? My constituents, the McFarlands, tell me, ''It should be returned to the taxpayers who worked all of their lives to earn it. Don't you agree?'' Mr. and Mrs. McFarland, if they were here on the floor which they are not, but I would tell them as I do tell them when I see them back home that I do agree with them and frankly the majority of Members of Congress agree with them as well. And certainly this is the sentiment expressed by the McFarlands that will be carried on the House floor tomorrow and upon which we will move forward with returning some of their hard-earned dollars back to them and all of their friends and neighbors as well.

The bill which we will be considering tomorrow, H.R. 2488, provides approximately $864 billion in broad-based tax relief. The proposal is highlighted by a 10 percent across-the-board reduction in individual income taxes. The bill reduces the impact of the marriage tax penalty by increasing the standard deduction from married couples to twice that of a single person. I could not bring newlyweds onto the House floor tonight, but I brought a picture of some. Here is a standard newlywed couple on their wedding night. What they are about to find out when they pay taxes for the first time filing jointly is that this Federal Government will penalize them, assuming they are an average family, to the extent of about $1,400 per year. That is as a result of a number of taxes that when combined and when considered together just increase, put a portion of their income into higher tax brackets and they will be penalized for getting married. Imagine that. In a country as great as ours with a rich tradition of the most essential and central social unit being the family and the institution of marriage, why on earth would we penalize marriage? Why would we punish people for joining in lifelong unions in a way that results in the most civil society in the history of human civilization? It is wrong. Everyone knows it is wrong, but there is really only one party here in Washington who cares about this family and who cares about the tax burden and wants to do something to prevent them from getting hit with this unfortunate penalty upon their wedding day and each year thereafter.

You see, there are many of us who believe that American people know how to do better with their own income, that they should not send it here to Washington unless it is absolutely necessary to run the basic programs and services that we have to. In fact, what we have seen through a number of Presidents is the power of tax relief on the American economy. President Kennedy and President Reagan behind him both found that by reducing the overall tax rate, in other words, the rate applied to general income to determine Federal taxes, by reducing the tax rate the Federal Government actually increased revenues. That is right. That is hard for people to grasp in many cases, but it is not all that hard if we just look at the economic history in recent years in our country. Lowering the effective tax rate on the American people leaves more cash in the economy. More cash in the economy creates more jobs, creates more wealth. When more people are working and being productive and increasing incomes, although they are paying a lower tax rate, they are paying more dollars to the Federal Government. In fact, in the years of the Reagan administration, and the Kennedy administration before them, the result of tax rate reductions was increased revenues to the Federal Government. And so once again what we see in the core principles is that by focusing on personal freedom of the American people, leaving excess taxes in the pockets of those who earn those dollars, we believe that we will see increased economic productivity in the country again.

That is contrasted with our opponents' objective of government control. People in Washington like government control. Do not get me wrong. If you are part of this Washington culture, you would certainly understand that. Fortunately most Members of Congress are not part of that culture. They go home on weekends and talk to constituents as I do, but for those who like it here in Washington, they like your money here, too, because, my goodness, they get to make the big decisions with it, they get the lobbyist waiting outside their door who wants to take them out to lunch or dinner or on the trips and try to figure out how they can get their hands on that cash. So if you like being a part of that sort of thing, why, keeping more of the American taxpayers' cash in Washington can be kind of exciting. I am one who happens to have a wife and four children and before entering the United States Congress was part of the free market economy and trying to run a small business. I can tell you, there is greater hope and optimism and prosperity for the American people if we focus on Americans rather than on government.

I want to talk also tonight again focusing on the conflict in vision that the two parties in Washington have when it comes to taxes. This is a quote from the President of the United States in Buffalo, New York, just a couple of months ago. Talking about this budget surplus, he was celebrating the surplus, as many people in Washington like to do. Here is what he said: ''We could give it back, the budget surplus, we could give it all back to you and hope you spend it right. But . . .''

Once again, ''We could give it back to you and hope you spend it right. But . . .'' And the ''but'' was that we perhaps cannot hope that American taxpayers will spend it right. Excuse me, but spend what right? ''It'' here is the taxpayers' money. It does not belong to people in Washington. ''It'' is the hard-earned wealth of the American people. It is not something that rightfully belongs under the domain of politicians

here in Washington, D.C. ''It'' does belong to the American people and ''it'' should be returned as soon as we possibly can.

The tax relief measure also includes a number of provisions for education tax relief. Specifically the bill expands the acceptable use of tax-free expenditures from education savings accounts to include elementary and secondary school expenses. It increases to $2,000 annually from $500 under current law the maximum amount of contributions to education savings accounts. It allows tax-free withdrawals from qualified tuition plans that are maintained by private educational institutions, and it includes a public construction initiative.

When the family here who gets married and gets saddled with their $1,400 marriage tax penalty progresses in the maturity of their marriage and contemplate children and perhaps have them and send them to school, they are also taxed to an additional degree. Education, of course, is a good thing. I think everyone in Congress would agree with that. But there is no reason our tax burden should make it more difficult for families like this to secure a good, quality education for their child or children, and that is what this provision of the tax package is all about.

The other side will try to suggest that these are rich people here, that they are wealthy and therefore somehow do not deserve the tax cut, but these are average American families, the same kind of average American families who benefit from our tax relief package. We are providing tax relief to make greater education opportunity possible for millions and millions of American children. We are doing that again by taking less out of the pockets of the families who work hard to earn it, not doing as our opponents suggest, of keeping those dollars, hoarding them here in Washington, D.C. and controlling their use based upon the priorities of bureaucrats. We stand for something very much different on the Republican side of the aisle.

The tax measure also includes provisions that are designed to reform pensions and enhance retirement security. Specifically the bill increases portability of pensions so employers may roll over plans from one job to the next. We provide additional salary catchup contributions for workers over the age of 50. These are individuals who may deposit additional amounts into certain retirement accounts. The bill also lowers the vesting requirement of pension plans so employees are vested after 3 years instead of 5. It increases the contribution and benefit limits in defined contribution and benefit plans and it also simplifies pension systems to help businesses offer and improve their pension plans. That is an important provision as I mentioned.

I mentioned the McFarlands from Fort Collins, Colorado. They are retirees. Again they say that the Federal Government should return any surplus to the taxpayers who worked all of their lives to earn it. They want to know if I agree. Of course I do.

Let me go back to the comments from Mr. Ray in Colorado. He is asking for relief for retired persons living on pension income and that is what we are doing. We are listening to people like Mr. Ray, real people, average Americans, not wealthy, not extraordinarily endowed with huge amounts of cash in their personal bank accounts but average Americans earning average incomes or on average pensions, those are the beneficiaries of the Republican tax plan that we will vote on and presumably pass tomorrow.

The bill also reduces the individual capital gains tax rate from its current rate of 20 percent to 15 percent and from 10 percent to 7.5 percent. Those are for taxpayers in the 15 percent individual income tax bracket. This is an important provision. This is one that the President says he opposes. Lowering the taxes on those who invest, those who create wealth, helps the country create more wealth. It almost does not matter what part of the country one lives in, they are treated almost weekly to news headlines like these from Colorado. Here is one from the Denver Post. ''Average Income Up 6.1 Percent in Colorado.'' Here is another one from the Denver Post, a headline: ''Welfare Rolls Drop 42 Percent.''

Here are some quotes from that article, an article written by Angela Cortez. She interviewed a woman named Teri Higgins who was a former welfare recipient and says that welfare reform has meant a new way of life. After being on welfare for 3½ years, she is completely self-sufficient. She was a full-time student halfway through her associate's degree in business administration when welfare reform kicked in nearly 2 years ago. Under the new system, she had to work, so she decided on a work study program at a community college in Denver. Within a year, the 37-year-old single mother of three boys went from being a welfare recipient to the office manager in a business setting. I will not cite the specific location but in a business setting in Colorado.

She says, listen to this quote, this is remarkable, a real statement of what a strong economy means for real people. ''What made a difference were the extra things, like gas vouchers, day care, so I could go to school and a lot of emotional support from counselors.'' She once lived in a shelter with her children before entering the Arapahoe County social services system. She says she still struggles. ''I make a decent wage, but it's still hard to make ends meet. But when I sit down and write checks out for all my bills and everything is paid, that is really a good feeling.''

The specific components of welfare reform were certainly important, but what makes these dramatic numbers possible, this sea change and shift from welfare dependency to economic independence is not just the reform efforts but it is a strong economy, the kind of strong economy that results from employers providing jobs, that results from entrepreneurs making the kinds of investments that make our economy strong, the kind of investments which we enjoy to a far greater degree when we unleash the economic ingenuity of the American people and reduce the tax burden that the American people are saddled with.

There is lots more. ''Workers Coming Off Welfare to Get Job Help.'' ''Economic Success Filters Its Way Down to Charities.'' Here is a story about how the strong economy in America is helping charities receive more funds because businesses are contributing more to community-based charities that help people and are accountable to those folks back home in our districts.

□ 2115

''Jobless Rate in Colorado Hits Record Low.''

I point out all of these headlines because these headlines are the way we help.

See, our Democrats, friends on the other side of the aisle, believe in the principle that I showed you earlier, not in personal freedom. Their goal and their vision is government control.

You see, government can be very charitable; government can help a lot of people when it takes your cash and spends it on the government-run charity of the politicians' choice. But personal freedom, tax freedom, greater amounts of liberty, lower tax rates allows for American entrepreneurs, allows for the free market to rise up and treat us still more to these wonderful headlines about former government dependents becoming self-sufficient and living the American dream and being treated as real Americans.

There is more in this tax package. It gradually eliminates the estate and gift tax over a 10-year period, also another topic important to me and my constituents back home in Colorado.

My district consists of the eastern plains of the State, 21 counties in Colorado, generally everything that is flat. Many people think of the mountains and the mountains that start right down the front range of the center of the State, but everything east of that out to Nebraska and Kansas is part of the high prairie, high plains, and it is one of the richest agriculture areas on the planet.

Many of the farms and ranches that have been established were established by homesteaders, people who headed

west in search of new opportunity and really led to the sense of rugged individualism and independence that represents the West; and families like to pass their farms on down to their children. Family farmers look forward to that, to leaving that legacy for their kids, and the agricultural lifestyle of the West is something that all Westerners are very proud of.

But when the old farmer starts to get old and have a difficult time working the land, teaches his children how to manage the ag business and work the farm, he eventually starts thinking about how he is going to hand that asset over to his children and keep that farm in the family. The estate and gift tax makes that virtually impossible for many farmers, and, Madam Speaker, I know you in your district see a lot of farmers just as I do, those who are confronted with the farm sale to sell parts of the farm off, the equipment, the inventory, in order to pay the taxes, in order to when a family member, when the head of the household, dies and tries to pass that farm on to his or her children.

This bill gradually eliminates the estate and gift tax over a 10-year period. Let me state that again. It eliminates the estate and gift tax, not just tinker with it, not just fiddle around the edges, but envisions a day when we will no longer be taxed upon death.

The measure also includes provisions to make health care and long-term care more affordable and accessible. For example, the bill provides 100 percent deduction for health insurance premiums and long-term care insurance premiums.

Now again I ask my colleagues to think about that for a moment. You see, back in World War II, when all of the young men were overseas fighting the war and winning, we had a real work problem, a labor shortage, here in the United States, the government imposed a wage freeze, and employers had a hard time keeping people in the factories, and it was at that point in time that the Federal Government, the Congress, created Section 106 of the IRS Tax Code.

Section 106 is that provision that says, well you cannot, at the time, cannot increase wages; but we can make it easy for you to provide this benefit of health insurance for your employees. We will give you 100 percent deductibility if your business is large enough. Small business owners did not get that benefit, neither did their employees; but we believe fully that any contribution, any investment that an employer, whether you are a large employer or a small one makes into a health insurance program for their employees, should not also be taxed on that investment. They should receive 100 percent deduction for health insurance premiums.

Now this will go a long way to helping health insurance become more affordable, more available for more people in the workforce than those who have a difficult time affording health insurance today, and once again I want to contrast this value with those or with that which is represented by our Democrat friends over on the other side of the aisle.

My colleagues may recall that the First Lady had proposed to socialize the health care industry in the United States to have government basically run health care and run one gigantic insurance-providing mechanism for the American people. Well, that idea was rejected as being somewhat ludicrous. Thank goodness for that because the sentiments of the American people are in quite the opposite direction.

The American people realize that if you tax employers less, if you tax health care coverage less, if you remove the tax burdens on those who wish to provide health insurance for themselves and their families, guess what? You will have more health insurance coverage for yourself, for your families, for employees.

The bill also provides an additional exemption which is currently at $2,750 for individuals who care for the elderly and who care for elderly family members in their homes. It expands the availability of medical savings accounts and makes these medical savings accounts permanent, and it allows employers to offer long-term care insurance to cafeteria plans.

Now some of our Democrat friends on the other side of the aisle, and you did not have to listen very long just a few minutes ago to hear them say that the tax cuts in the Republican bill favor the rich. Well, this is what they are talking about, those tax cuts which are designed to make it easier for employers to provide health insurance for their employees, to make it easier for those individuals who stay home to take care of elderly family members.

Those are the rich people that they speak of with such venom and such disdain, but it is these employers who are providing the jobs, these employers who would like to offer higher incomes, that would like to offer greater benefits, that would like to offer health insurance coverage for more employees and a better insurance product perhaps. Sometimes the barrier is simply the expense, the expense of the Federal Government, the cost of being an American citizen.

We want to lower that. We want to lower that to help real people, average families, real citizens who are working very hard today and every day and sending too much money to the Federal Government under the present set of circumstances.

The bill also authorizes the Housing and Urban Development Secretary to designate 20 renewal communities in both urban and rural areas, allowing them to qualify for special tax incentives. Now these renewal communities are communities that are designed to help those who seek low-income housing. These provisions are designed to create jobs, stimulate investment, and assist families in impoverished neighborhoods.

Now once again, if you look at who gets the special tax incentive, it is really not the individual who moves into the low-income housing unit. It is the developer and the construction people who build that renewal community who actually do the construction. So from the Democrats' perspective, this looks like a rich person getting a tax break, but in reality we are talking about 20 new communities around the country in urban and rural settings where low-income families will have the new hope, the new promise, of housing and home ownership, an opportunity that today they do not have under our present high tax system.

The provision also phases out, the bill also phases out the alternative minimum tax for both individuals and corporations. It extends the number of expiring tax credits, including the research and development tax credit, for 5 years through June 2004, the work opportunity and the welfare to work tax credit through December 2001.

Again, the welfare to work tax credit. Here is another tax that our Democrat friends will say goes to rich people in America. What is the welfare to work tax credit? Well, this is a tax credit that tries to achieve the goals that are implied in the name, those individuals who help welfare recipients move out of welfare and into self-sufficiency.

The ultimate beneficiary of that transaction is not the employer exclusively, the rich guy, as the Democrats would describe that entrepreneur. The real beneficiaries are the people who have no jobs today, those who are having a difficult time making transition from welfare to work, those who have still not seen the benefits of the Republican welfare reform initiative that was passed in 1994 and implemented at the State level across the country.

Those are the individuals who still need our help, still deserve our compassion and still need our attention. Providing this tax credit will put many, many more back to work and once again treat them like real Americans.

The bill also provides an above-the-line deduction for individuals. Currently individuals may, under the provision individuals may take the deduction whether or not they itemize a deduction for prescription drug insurance coverage for Medicare beneficiaries contingent upon certain Medicare changes. This suggests a bigger plan that we are moving toward.

Once again, the President announced that he wanted to dip into the Social Security savings, the Social Security Trust Fund, to pay for an additional

entitlement, additional benefit with respect to prescription drugs. Our idea is very different and that is to allow individuals to take a deduction whether or not they itemize for prescription drug coverage for those who are in the Medicare program.

This means keeping those dollars in your pocket, not sending them here to Washington, keeping those dollars in your pocket. Just think about that for a moment. Under the current law a taxpayer, senior citizen, sends their tax payments to the Federal Government, they come here to Washington. We politicians sit around here and establish the priorities for the Nation, and if we decide it is prescription drugs, then we will take the Nation's wealth and spend it on that particular priority on that given day, and at the next election we will decide it is another priority, and maybe we will change the priorities at that point in time to serve our election causes, and we redistribute the wealth of the American people.

Well, that is just nuts. As my colleagues know, what we really ought to do is just not bring it here to Washington in the first place. Let us just be efficient about it, why do we not? Why do we not just leave that cash in the hands of those who have worked all of their lives, people just like the McFarlands who worked all of their lives to earn it, leave it in their pockets, let them spend it as they see fit, let them spend it on a growing economy that helps us pay down the national debt quicker, saves Social Security more completely, and pay for those truly legitimate causes the Federal Government has constitutional jurisdiction over.

The provision also includes a number of revenue offset provisions accounting for approximately $5 billion over 10 years, and that means that we will attempt to spend less in many areas, eliminate a lot of waste in our government and a lot of other provisions that, frankly, the American people do not want and do not need and will never miss in order to help make this tax relief possible.

Let me provide a little background for a moment.

Do you remember when the Republican party took the majority of the Congress? We did so on the basis of the Contract with America, 10 bold promises that we issued to the American people: if elected, we will deliver and bring to the House floor for a vote, 10 various provisions. One of those was the 1995 Tax Fairness and Debt Reduction Act, and that provided Americans with comprehensive tax relief. That bill included a $500 per child tax credit, outlined measures to alleviate the marriage tax penalty, it created tax-free American dream savings accounts, it repealed the 1993 tax increase on Social Security benefits and provided a 50 percent exclusion for capital gains, and we indexed that for inflation.

Now these are tax provisions which many of which we already have, but the President vetoed that measure, and we had to try it again. In 1997 we provided further additional tax relief. We provided tax relief through the education saving accounts. 1998 we passed a Taxpayer Relief Act, again reducing the tax burden on American families and giving Americans new rights in defending themselves against the intrusive practices of the Internal Revenue Service.

□ 2130

Our 2000 budget proposal provided real leadership by setting aside dollars in our long-term budgets, long-term budget to allow for tax relief to take place and did so while protecting Social Security, protecting Medicare, increasing spending on our national defense, and outlining a plan that allows us to create the best education system in the world.

Now, we have heard the President talk about the budget surplus. We expect, over the next 10 years, to have approximately $3 trillion in surpluses here in Washington. Those are dollars that the Federal Government receives over and above the expenditures of the Federal Government at that point in time. It is a little bit complicated and confusing, because some of those dollars are devoted directly to the Social Security Trust Fund or attributable to Social Security taxes. Those are dollars we do not want to touch. We want to leave those dollars for Social Security. In fact, over that 10-year period, what the Republican plan entails is providing a dollar of tax relief for every $2 of Social Security savings.

The President does not agree with us, that we ought to lock that Social Security fund away, put it aside and leave it exclusively for Social Security. The President would prefer to spend a portion of those dollars, reduce the size of the allowable tax relief package, and increase the spending of the Federal Government and ultimately the size of the bureaucracy in Washington, D.C.

Madam Speaker, let me talk about some of the provisions that I just enumerated and in perhaps a little bit more detail. The bill provides for $534.2 billion in family tax relief over the next 10 years. As I say, I mentioned this earlier. Let me mention that number again, $534.2 billion over the next 10 years for family tax relief.

Now, if one makes over $40,000, the Democrats believe one is rich and believes that one should not earn, one should not be able to save that additional income. One should continue to send it here to Washington, D.C. so that it can be squandered and wasted and controlled by people here in Washington. Well, average families are the ones who benefit from the Republican tax package that we will vote on tomorrow.

Let me restate that it reduces the individual income tax rate by 10 percent over a 10-year period. Think about what a 10 percent reduction in one's income tax obligation to the Federal Government will mean. For many States, for example, the State of Colorado is a perfect one, the State income tax is indexed to the Federal income tax rate.

So a reduction in Federal income taxes corresponds to an equivalent reduction in one's State income taxes as well. By the year 2009, our bill reduces the 15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent tax rates to 13.5 percent, 25.2 percent, 27.9 percent, 32.4 percent, 35.7 percent respectively. Those are the individual tax brackets of every American who earns income, unless one is a very low income, falls within one of those tax brackets.

Let us use the 31 percent tax bracket as an example. Most Americans are in that ballpark. If one is paying 31 percent of one's income in taxes today, next year we propose, for 2001, from 2001 to 2004, we propose that that rate drop to 30.3 percent. Then from 2005 to 2007 to 29.5 percent. In fiscal year 2008 we want that rate to drop to 28.7 percent, and after 2009, we want that rate to drop to 27.9 percent. It is a pretty substantial reduction, about a 3 percent reduction in income taxes for individuals in that category.

I mentioned the student loan interest rates, because I know there are many students today who are trying to finance their college education, their college degrees through debt financing. This Congress passed legislation last year that affected the student loan interest rates somewhat. There was a scheduled decrease in those interest rates. We slowed that decrease a little bit; it was not the best part of the bill certainly, but nonetheless, there is some attention being paid here in Washington to the cost of financing college education.

We are going to adjust that student loan interest deduction for married couples who file joint returns to twice that of a single taxpayer, so that the married couple that I showed you their photo of a little earlier, those individuals will see some relief when they try to secure a greater education opportunity for themselves.

Let me talk about the alternative minimum tax for a moment as well. The bill reduces and phases in a repeal of the alternative minimum tax for individuals. The bill accomplishes this by gradually reducing AMT liability. Specifically, beginning in the year 2003, only 80 percent of the full AMT liability will be imposed. The bill reduces this percentage to 70 percent in 2004, 60 percent in 2005, 50 percent in 2006 and 2007, and the tax is fully repealed after 2007. The repeal of the individual AMT

eliminates the present law marriage penalty in the individual AMT. The bill also makes permanent the provisions allowing nonrefundable personal tax credits to be used fully without regard to the AMT.

This was originally designed to ensure that high income taxpayers pay some minimum tax and not escape their fair share of the income tax burden. There will be a significant increase in the number of middle-income taxpayers subjected to the alternative minimum tax. Currently, about 600,000 taxpayers are subject to the AMT, but estimates indicate that more than 20 million taxpayers will be subject to that tax by 2007.

As I mentioned, when it comes to savings and investment, the Republican tax package provides $77.1 billion in tax relief to encourage savings and investment over the next 10 years. I mentioned capital gains taxes; I think capital gains tax relief is a rather important topic to discuss. This is the tax that is applied to increases in earnings, the growth portion of investments that many people make. Sometimes it is a financial transaction; sometimes it is the sale of property, maybe one's home.

Right now, there is a 20 percent tax rate applied to that for most people. Some people in lower income tax brackets pay a lower tax, but for most people, that is a 20 percent application to any interest, any financial growth that accrues as a result of the sale of an asset or so on, as I mentioned.

That capital gains tax causes an awful lot of the Nation's wealth to go nonproductive, to be held in nonproductive holdings, nonproductive assets, and those that could be generating more wealth for the American people. I have actually met people who take their cash and put it in the proverbial, under the mattress. There are people who really do that sort of thing. They are afraid of being hit by the capital gains tax rates of 20 percent, and so they will do ridiculous things with that cash sometimes to avoid paying taxes. They despise the IRS that much.

Alan Greenspan, the Chairman of the Federal Reserve Board, estimated to the Senate Finance Committee that there is approximately $11 trillion in capital, private sector capital that is available in the economy, and it is underutilized, and that what Congress should do is focus on a sound tax policy that encourages the American people to unleash a portion or all, if possible, of that $11 trillion into the free market economy. Imagine what that could do for the country.

Well, our imagination does not have to be that long in duration, because tomorrow, this provision is slated for a vote on this floor. That capital gains tax rate reduction is the tax that makes job creation possible. It is that provision, that portion of our Tax Code which encourages the kinds of investments that creates wealth, creates opportunity, allows individuals to become financially independent, self-sufficient, and to avoid the government dependency that many Americans fear and seem to be trapped in today.

There is also a partial exclusion for interest and dividends. The bill allows individuals to exclude up to $200, $400 for married couples filing jointly of income earned in any given taxable year. This provision is phased in and will take full effect in December of 2002. The current definition of gross income includes all income from whatever source derived. That expands the net greatly from the current law. Thus, it makes no exceptions for smaller amounts of savings and investment income earned by taxpayers that, when subject to the tax rate of most small investors, discourages savings and investment for low and middle income taxpayers.

Once again, this is a provision that our Democrat friends will try to suggest applies only to the wealthy. But as we can see, we are talking very plainly about average middle-income taxpayers, the kind of people that go to work every day, go to work, work hard, come home, raise their children, maintain their families, go to church, get involved in the softball game on the weekends and go back to work and do it all again. Those are the folks we are reaching out to.

I mentioned school construction before. That is another provision of the tax bill. We want to encourage school construction. Let me elaborate a little bit on that component of the tax package.

H.R. 2488 increases to 4 years the period during which a State or local government may avoid paying arbitrage rebates to the Federal Government on public school construction bonds. Under the current law, State and local governments may issue tax-exempt bonds to finance school construction activities as well as a variety of other public facilities and services. The proceeds from those bonds may be invested, but State and municipal governments must pay profits to the Federal Government. This revenue must be repaid to the Federal Government in 5-year intervals. However, certain bonds qualify for exemption from repayments.

In the case of school construction bonds, the current law requires that money from the sale of the bonds must be spent within 24 months of their sale in the following increments: 10 percent of the bond revenue must be spent within the first 6 months of being issued; 45 percent must be spent within the first 12 months; 75 percent within the first 18 months, and 100 percent within the first 2 years.

Our bill expands this interval period to a total of 4 years, and finally, the bill increases the amount of governmental bonds for public schools that localities may issue without being subject to the arbitrage rebate requirement from $5 million to $10 million. The bill is designed to give school districts greater flexibility when issuing bonds in building public schools.

Let me focus on that for a moment, because once again, we hear the President and many of our friends on the Democrat side of the aisle talking about investing in our local schools and in our local communities, and once again, their vision involves having the American taxpayers work hard, pay more taxes than they need to, and send those dollars here to Washington, D.C., so that Members of Congress and lobbyists and bureaucrats from over at the White House can all get together and decide how those funds will be redistributed across America to help the people that they want to help. So the dollars come to Washington, a certain portion of those are lost and wasted in the transaction; a smaller portion of those dollars go back to our States, those States that are privileged to receive those dollars back to construct schools and to be spent on worthwhile endeavors.

Our solution is much different. Our solution is to leave that money back home in the first place, to reduce the tax burden on the investments that are made to help finance the construction of schools. Not only does it make more sense and is it more efficient and is it a process that represents more accountability in the school finance process, but it allows for more school construction. It allows for more children to be helped around the country, more children to be helped through the guidance and leadership of local elected school board members, the kind one can name, the kind one knows, the kind one sees at the grocery store when one goes there with one's family, it allows those individuals to put together a package that offers greater hope and opportunity and expanded opportunity for the children that they serve and that they care about. And that is different, I would submit, than the President's plan to bring those dollars here to Washington, D.C., waste half of them, send a fragment of it back to the States, and pretend we care about children.

Reducing the tax burden on the American people is true compassion. Reducing the tax burden on the American people is a way to build more schools. Reducing the tax burden on the American people is the way we help instill pride in more and more family households so that those children who go to school realize that there is a greater goal toward which they should work, that of full employment, self-sufficiency, economic participation, being an American as we know it.

□ 2145

Madam Speaker, can I inquire as to the amount of time remaining in this special order?

The SPEAKER pro tempore (Mrs. WILSON). The gentleman from Colorado (Mr. SCHAFFER) has 10 minutes remaining.

Mr. SCHAFFER. Madam Speaker, let me talk about health care one more time before I close out this hour.

Our Republican proposal phases in a 100 percent above-the-line deduction for health insurance medical care expenses where taxpayers pay more than 50 percent of the premiums. The bill applies the 50 percent rule separately to health insurance and qualified long-term care insurance. The bill also phases in the deduction at 25 percent in 2001, 40 percent in 2002, 50 percent in 2003 through 2006 and 75 percent in 2007, and eventually gets us to 100 percent in 2008 and thereafter.

That bill also allows employers to offer qualified long-term care insurance through cafeteria plans and allows qualified long-term care services to be provided under flexible spending arrangements.

Let me also mention medical savings accounts. This bill expands the availability of medical savings accounts to include all employees covered under the high deductible plan of the employer.

The measure also eliminates the cap on the number of taxpayers that may benefit annually from medical savings accounts contributions. Currently that is capped at 750,000 Americans, and the bill modifies the definition of a high deductible plan by decreasing the lower threshold for annual deductions. Thus, under this bill, a high deductible plan will have an annual deductible of at least $1,000 and not more than $2,300, which is also indexed to inflation for individual coverage and at least $2,000, and not more than $4,600 for family coverage. Present law limits those out-of-pocket expenses and those limits will still apply.

Once again, I know that was a lot of details and there is more that I will spare the House at the moment. We will save those for tomorrow. I want to use that example to show the difference in vision between what our opponents who oppose this tax package stand for and what the proponents who support this tax package want to achieve for the American people.

Once again, the Democrats have been pushing for something I will just, for the sake of simplicity, refer to as the Hillary model. That is the model where the government runs health care in America, socializes health care, much as in the case of England or Canada or Sweden or many other socialist programs that provide health care for all citizens of many of these countries. Their goal is to increase the amount of revenue American taxpayers pay, send that cash here to Washington, D.C. so that the government can pick those privileged individuals who will benefit from the government-run, government-owned and government-managed health care delivery system.

Ours is very different, as I just outlined in so many details. It is very different because we believe that by lowering the tax rates associated with providing health insurance, we will provide more health insurance. Health insurance will become more affordable, more available. There will be more options, more convenience, more choice, a higher standard of quality, a higher standard of delivery. The free market works; it always works. It works in the area of health care. There is no doubt about that, and that is the direction we hope to move toward by providing more freedom and more liberty for seniors and young families and young children who prefer to look to themselves, to look inward to providing for their economic prosperity in the future, rather than looking eastward to Washington, D.C. and all of these nice people around here who just want to help.

Madam Speaker, tax relief is a big topic. It is one of the four key action and agenda items of our Republican Congress. When we started this session, our Speaker, Speaker HASTERT, talked about our Republican vision for America, lined it out in an agenda that was presented to Republicans and Democrats alike. If people would like information about this, they can just contact my office. I will be happy to provide any of this information, detailed or simple, as this bullet point suggests.

It is the BEST agenda. ''B'' standing for bolstering our national security; ''E,'' standing for education excellence; ''S,'' standing for strengthening retirement security; and ''T,'' providing tax relief for working Americans.

This tax relief portion is the fourth part that we have been eagerly awaiting on the Republican side of the aisle. We have focused on the rest and will continue to focus on a strong national security, our education system and saving our Social Security system and retirement security. We will continue to move forward and make progress on those.

Tax relief is the linchpin. Tax relief is where we go to strengthen the national economy. Tax relief is what we look to to reduce the impact and the scope and the size of the Federal Government and instead increase the scope, the effect and the size of American families, American businesses, American entrepreneurs. Tax relief is what has strengthened our economy. Tax relief is what has allowed a 50 percent reduction in the Nation's welfare caseload. Tax relief is what is allowing communities today to build more schools and to put more resources into local priorities. Tax relief is the best way to deal with the overpayment of about $800 billion in a 10-year period that the American people will pay.

We have to prevent that from occurring. We can save Social Security. We can save Medicare. We can provide for the best schools on the planet. We can defend our country and we can do all of that by honoring the notion that American families matter, that American taxpayers do count, and that the dollars that they work so hard for should be applied at home rather than here in Washington by the White House and the bureaucrats who answer to the White House.

Madam Speaker, I thank my colleagues for their attention and for their indulgence here on the House floor. We will be back tomorrow night for another special order on the same topic.

TEACHER EMPOWERMENT ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New York (Mr. OWENS) is recognized for 60 minutes as the designee of the minority leader.

Mr. OWENS. Madam Speaker, today we consider a very important education bill. It is important because the Republican majority made it important. It is important because it is all that we have. In a year when we expect to be reauthorizing the Elementary and Secondary Education Assistance Act, we have been denied that opportunity, but pieces of the Elementary and Secondary Education Assistance Act have been put forward. The Ed-Flex Act is a piece of it and now this piece on Teacher Empowerment Act, H.R. 1995, which was considered today. The consideration of this bill today, which was kind of rushed to the floor and it was hoped that they would get enough votes to send a message to the White House that it cannot be successfully vetoed, but, of course, they failed in that effort. The President has promised to veto this bill because at the heart of the bill is an attempt to derail the President's initiative on more teachers for the classroom, especially in grades 1 through 3, where there is a need for smaller class sizes.

We did get a bill approved, an appropriation approved last year, which would permit the beginning of the process of hiring more teachers for the classroom. Virtually 100,000 teachers would be hired under this legislation; and 30,000, the process has started as of this month.

So in order to derail that for some reason the Republican majority is against smaller class sizes and they want to take away that priority, take away the targeting and they came up with this Teacher Empowerment Act, which is not a bad idea. The thrust of the bill is to provide a special initiative for the training and professional

development of teachers, to improve the quality of teachers. By itself, that is a lofty goal and who could not subscribe to having better prepared teachers in our classroom?

We want quality teachers; but for some reason to get quality teachers, the Republican majority chose to sacrifice the more teachers for the classroom. The act that is designed to lower the class sizes in the first three grades has to be sacrificed, put on the chopping block, in order to take care of meeting teachers' professional development needs and training needs.

I think that for the Republican majority, it was more important to derail the initiative to have smaller class sizes than it is really to train teachers. The training of the teachers and the opportunities for professional development is secondary for them. They are pursuing an agenda, and this bill was a part of that agenda, to reach a point where all of the influence and direction from the Federal Government is wiped from the education sphere. They want to abolish the education role of the Federal Government and this, of course, takes them one step closer.

If they can take the President's initiative on class sizes and get rid of that, it is one more step toward reducing the Federal Government's role in education. So that bill was on the floor today. The Republican majority had the greatest number of votes because they are the majority. They passed the bill, but the number of defections by Democrats was not as great as they expected and the President's threat to veto the bill certainly can hold.

The bill can be vetoed until something more reasonable is done about the class size initiative of the President.

There were a lot of good things in the Teacher Empowerment Act. By the way, it is called Teacher Empowerment Act; but all the teacher organizations, the National Education Association, the American Federation of Teachers, the Grade Schools Group, all of the various education groups opposed it because they saw it as a sabotage operation designed to wipe out the reduction of the classroom size initiative. Now, that bill was on the floor today.

Tomorrow the major bill on the floor will be the tax cut bill, and I want to talk about the importance of dealing with the education initiative. The education investments should come before big spending tax cuts. Education investments should come before big spending tax cuts, and it is very important to note that during the whole discussion of the so-called Teacher Empowerment Act today, the one thing that the Republican majority refused to allow any discussion of was additional funding.

No new money is involved in their initiative. They want to take the money that has already been appropriated for the class size reduction and the money that already exists in various other teacher training and professional development programs and use that in a different way, mainly throw it out there to the States, let the governors decide how they want to spend that money on education. That is the thrust of what the Republicans want to do.

It takes us one step closer to their long-term objective and that is to block grant all funds available for education to the States. By block grant, I mean take away the Federal guidelines, take away the Federal priorities, take away the long-term Federal commitment to the poorest districts and the poorest schools out there.

The Federal thrust in education, since 1965, since the first Elementary and Secondary Education Assistance Act, in the era of Lyndon Johnson, has been to focus on those areas of greatest need, to target the Federal money to help with the problem that the States were not able to deal with and chose not to deal with and that is provide a decent education for the poorest students in the poorest schools in the poorest districts.

□ 2200

So that initiative by the Federal Government is targeted by the Republicans. They want to take it away.

Their long-term goal is to wipe out the Federal Government involvement in education. In 1995, my colleagues will recall, the Newt Gingrich program went head on in a direct attack on the Department of Education. They called for the abolishment of the Department of Education. They pursued that for a while.

It turned out that the American people did not think that was a good idea. The voters did not think it was a good idea. They retreated, and now we have no more talk about abolishing the Department of Education.

What we have is, instead of the direct assault, we have a great deal of warfare going on where they snip away at the powers, they attack at small beachheads that they establish, and they find every way to cut into the power of the Department of Education and into the Federal role in education.

The Federal role in education, of course, is already limited. They make it appear that the Federal Government is responsible for all that is wrong in education. It is a very limited role already. Less than 8 percent of the education funding in this country, that is including higher education funding, less than 8 percent of that is provided for by the Federal Government at this point.

But that is what we had on the floor today, another assault on that small role, that less-than-8-percent role fiscally. If one got 8 percent of the funds involved across the country, then I think that the influence of the Federal Government is probably no more, also, than about 8 percent.

Control is vested in States and local education agencies for education already. But that is targeted. First, they wanted to get rid of it all together. Now they want to block grant it and turn it over to the governments. That is what was on the floor today.

No item which talked about additional funding was received in an amicable spirit by the Republican majority. In fact, the only amendment that called for fresh funds, new money, new initiative with new money was the amendment offered by the gentlewoman from Hawaii (Mrs. MINK). The gentlewoman wanted to offer grants, some help for sabbaticals for teachers.

If one is talking about training, then in order to hold certain people into the career path, in order to make certain that they have an opportunity for growth, somewhere they ought to encourage and help to finance the sabbaticals which already are offered in many local education systems.

It is an area that was not new, but the gentlewoman from Hawaii wanted to give more help and called for more money for that. That, of course, was voted down by a large margin and condemned by the chairman and the Republican majority. No new money is the credo of the leadership of the Committee on Education and the Workforce.

The Republican majority insists that we never discuss authorizing new funding. But tomorrow, we will be discussing on the floor an expenditure of $864 billion over a 10-year period for tax cuts. We cannot talk about money when we are talking about education. No new money. The government is broke.

We cannot make investments in education, but we can have big spending tax cuts. That is obvious. It is a huge, monstrous piece of big spending, $864 billion, and there is no room anywhere for an investment in education.

I think my colleagues have heard the previous speaker tonight and they heard the previous set of speakers from the Democratic side talk about this tax cut. While I am not prepared and do not intend to go into it with great deal, I associate myself with most of the remarks made by the gentleman from Maryland (Mr. HOYER) and his associates. Their plea was that we not go forward with this monstrous $864 billion tax cut, that we look at other kinds of things that ought to be considered at the same time.

We cannot separate, in my opinion, the discussion of the tax cut, however, from the discussion of education. They did not do it. Neither the Democrats nor the Republicans that talked tonight really placed education on the table for discussion. Within the parameters of the conventional wisdom here

in Washington, and that sometimes includes the White House, when we talk about large amounts of money, they do not want to talk about education.

It is a direct insult to the voters. We have poll after poll which shows that education ranks as one of the number one priorities over the last 5 years and recently moved to the very top. Before Social Security, before defense spending, before all of the other priorities which are usually considered, education ranked as number one. Why are the voters being ignored? I do not know. They can ask their Congressman.

Why is it that, when my colleagues discuss education, they insist that they cannot discuss new money? Additional resources. Why is it that the American public repeatedly says, we would like to see more Federal assistance for education, but they are only answered with rhetoric about new kinds of changes in the reform programs, but none of those new changes have any resources behind them?

With the acknowledgment of the existence of a huge budget surplus, and I do not want to get into an argument about how much the surplus is or what it is going to be over the next 10 years, I just know that it is foolish for us laymen who are not involved directly in the calculation process to sit still and watch our leaders talk about huge sums of money that they are going to negotiate on and we question whether it really exists.

I have some friends who went to a meeting today to hear someone lecture about the fact that there really is no budget surplus, and we should stop discussing it.

I heard that, in 1996, when we were on the eve of an election, and we had gone through 2 years of the Republican majority insisting, not only that there was no money for an increase in funding for education, but that education should be cut, and we had proposals in 1995 that education be cut by almost $4 billion, but, in 1996, something miraculous happened.

Both parties agreed in the negotiations at the White House that there was additional money available somewhere, and instead of cutting education by $4 billion, because we were approaching an election where the polls showed that the public wanted more Federal assistance for education, and the party that stood in the way might suffer and might lose seats, suddenly there was agreement.

The Republican majority agreed to an increase in education funding of $4 billion. Instead of a $4 billion cut, we got a $4 billion increase. They found the money somewhere.

Now, I remember the argument at the time was that we would get the money from sales of the spectrum, the spectrum auctioning. The auctioning of the spectrum was going to create that money. It was not in hand. But since both parties of the negotiation agreed, it suddenly became a reality.

The $4 billion that was appropriated, it has been spent. Since 1996, they have been spending the money. So I assume that whatever assumptions they made, they lived up to those assumptions one way or the other.

I have not checked to see if we have auctioned off enough of the spectrum to add up to $4 billion, but when it came time to make the decision, the reality was what the two parties agreed upon.

If both the White House and the Republican majority leaders are saying now that we have a huge surplus that could accommodate, over the next 10 years, an $864 billion Republican tax cut, and the President has said, well, he will entertain some kind of tax cut, not that much, I assume the surplus is real, and the tax cut possibilities are real, and they are going to go forward. It would be ridiculous for us to sit out the process and not get involved.

Education ought to be put on the table so that it becomes a part of the discussion. The doors of opportunity are open for education to be discussed in terms of new resources and new appropriations. If the blind men who are in charge here insist that they do not see that as a possibility, some of us who are not in charge must sound the alarm. We must tell the American people, do not sit still and accept a big spending tax cut while there is no new investment in education.

I hope that my party will rally behind me soon and that they will see the folly of allowing a huge amount of surplus over the next 10 years to get committed to something, and it is going to happen. There are going to be some commitments of that surplus over the next 10 years. We sit still, and we let education be left out.

At this point, the forecast for education being included is quite dismal. We have a bill which has been set forth by the administration for the reauthorization of the Elementary and Secondary Education Assistance Act. In their reauthorization proposals, they do not propose any great increases in the funding for the ongoing programs. In fact, there is sort of an understanding that we are going to live within certain budget guidelines. There are ceilings that have been set. The budget caps, as they call them, will not be taken off.

That may all be true in conventional wisdom, but if the surplus exists, it is folly to assume that they will not in the final analysis be negotiations of some part of the surplus being committed to programs.

Certainly, it would be folly to sit still and not commit any part of the surplus to programs and let it all be used for big spending tax cuts.

The forecast for education right now may be dismal; but if we put on our thinking caps, if we sound the alarm for the general public, the people who in, poll after poll, show that they think education is important, if we let common sense enter into this matter, then we can go forward beyond the Republican plot to have Ed-Flex and Teacher Empowerment and other kinds of block granting drain off the funds, and we would not make any progress in terms of new resources for education.

There have been some dramatic changes now in the fiscal environment. Those people who said there was no money available 2 months ago cannot insist that there is no money available now in light of the facts that have been revealed.

Even the budget agencies, the Congressional Budget Office, they all admit there is a surplus. There is an argument about how much of the surplus is from Social Security funds and ought to be reserved only for Social Security, the lock box theory. There is an argument that there are certain amounts of money available and will be available beyond the Social Security surplus and that that should be budgeted.

Either way, either set of assumptions that are accepted, there is an acceptance of the fact there is going to be additional money available. Why not put education on the table? Why must we accept what the Republican majority has offered us on the Committee on Education and the Workforce and on the floor today?

What they offered us today was a perverted Robin Hood operation. They were going to take only existing funds and scramble them and use them for other purposes instead of having any new funding. When they do that, what they are doing is taking money away from the traditionally targeted programs, which are designed to help the poorest students in our poorest schools, and redirect that money away from the poorest schools, stealing, pilfering from the poor to take care of other sectors, and making that the hallmark of their education reform program.

Going to the public and saying this is our answer to their request or their demand for more Federal assistance. We give them the same money in new forms, and we hope that they will be fooled by it.

But I hope that common sense will not allow us to be fooled, that we will insist that education appropriations be put on the table alongside any tax cut spending, alongside any spending for shoring up Social Security, alongside spending for health care. Probably there is going to be a package which contains all of those elements.

Now, on May 26, I introduced a bill which deals with one aspect of education which I think is critical. In the light of the large amounts of money that were being made available in the surplus, now is the time to discuss it.

Not all the problems of education will be solved by new construction and modernization of our schools, although that was on the agenda today. We did discuss the need for more technology in our schools and the need for teachers to be trained to utilize technology and how important that was. It, the modernization process, requires that we have money to repair the schools and take care of the old wiring and make certain that they can be wired. In some cases, some schools cannot be rewired.

□ 2215

They are going to have to build new schools. So construction and modernization ought to be a part of this agenda.

It was totally ruled out before because of the budget caps. And if we take the ongoing budget as it is, common sense and conventional wisdom says there is just no money. But if we accept the fact that there is going to be a surplus, and we talk about large amounts of money, like $864 billion for a tax cut, then we can also talk about taking this opportunity to plan to spend over the next 10 years, or 5 or 10 years, money that is necessary to provide adequate schools, safe schools, schools where there are no health hazards, as well as schools that can be modernized to the point where they can make use of modern technology.

Schools can take advantage of the fact that we have an E-rate, which provides a reduced rate for people who make use of technology on an ongoing basis. The on-line services, the telephone services, 90 percent of that in the poorest of schools would be paid through this E-rate fund provided by the Federal Communications Commission. A lot of things are happening that we need to catch up with by providing more funds for construction and for modernization.

Now, on May 26 I called on my colleagues to join me in the cosponsorship of H.R. 1820, which is an amendment to the Elementary and Secondary Assistance Act. And this amendment would be germane certainly, because there is already a provision, Title 12, under the Elementary and Secondary Assistance Act, which calls for money for repairs and construction. So we can add, if we ever get around to reauthorizing the Elementary and Secondary Assistance Act, we can certainly add that to the package. Or if we do not get around to reauthorizing the entire act, it is in the law. It is the law right now. We can amend it to provide for this injection of necessary funding for school construction.

I am just going to read from my own letter to my colleagues, and I have a big heading on top which says that, ''In the Year 2000 We Launch the March Towards a New Cybercivilization. We are spending $218 billion on highways and roads in 6 years. Let us invest half this amount, $110 billion, in 5 years, to build, repair and modernize schools.''

Let me repeat that. ''In the Year 2000 We Launch the March Toward a New Cybercivilization.'' A cybercivilization, meaning the digital world is taking over. The computers are taking over. They are everywhere, infused in our life, and they are probably going to have a greater influence and a greater presence in our lives as we move on.

Recently, there was a lot of discussion of the fact that one individual now, his net worth is $100 billion. This tops all the millionaires and billionaires throughout American history. The name of that individual is Bill Gates. Now, Bill Gates is worth, they say, at least $100 billion, and his company is worth far more. Now, Bill Gates does not own any gold mines, he does not own any oil wells, he does not own any uranium mines. All the kinds of things that used to make people rich are not associated at all with Bill Gates.

What does Bill Gates have that allows him to accumulate $100 billion as an individual and a company worth far more than that, Microsoft? Well, Bill Gates is where he is and has the kind of gigantic assets that he has through the application of brainpower. It is all about the brains that were used to develop the software in harmony with the computers and then to capitalize on the Internet.

He has been accused of some unscrupulous actions and so forth, but that is irrelevant in terms of the basic thrust of what happened here. What happened here is that brainpower, marshaled repeatedly, directed, concentrated on certain objectives produced results. And the same thing is happening over and over again in numerous high-tech companies. We are ahead of the rest of the world because we did not have any central committees making rules which said that we can only focus our brainpower on natural resources. We are only going to concentrate on mining and oil wells and so forth.

People who had the know-how to launch the cyberrevolution went ahead and launched it, very young people who are in charge. The guys who used to be called nerds, or probably similar people are still called nerds in high school and college, the nerds triumphed with brainpower. It is all about very educated people concentrating their resources and being able to generate wealth. So there is a direct association between brainpower and wealth.

We are definitely moving into a cybercivilization, and it is ridiculous for us not to recognize that and to shape our public policy in a way which accommodates the fact that we are moving into a cybercivilization. There are some nations, like India, who recognize this. And public policy has produced in India large amounts of people, personnel, who are in the computer programming arena, who are in various stages as computer programmers and document technologists. Out of proportion to other similarly situated nations, India is producing people in the area of information technology with information technology expertise.

But let me just get back to the appeal to my colleagues that I sent out on May 26. ''In the year 2000 we launch the march toward a new cybercivilization. We are spending $218 billion on highways and roads in 6 years. Let us invest half this amount, $110 billion, in 5 years to build, repair and modernize schools. Please join me as a cosponsor for H.R. 1820, an amendment to the Elementary and Secondary Assistance Act which mandates a worthy Federal investment in education for the children of America.

''Public opinion polls consistently show that our voters consider Federal aid to education as the Nation's number one priority. We must now move beyond paltry pilot projects in our response to this long-term public outcry. H.R. 1820 commits the Federal Government to make the contribution most suitable to its role.

''Through direct appropriations we must make capital investments in school infrastructures, offer leadership in the building of schools, and then leave the details of the day-to-day operations to local and State authorities.''

I have no problem with local and State authorities being in charge of the implementation, but the resources need to come from the Federal Government because most States and local governments cannot commit the kind of resources necessary to modernize our school systems the way they should be.

''H.R. 1820 proposes to help all schools by authorizing, on the basis of school-aged children, a per capita distribution of the allocations for the purposes of modernization. Security, by the way, should be added, repair, technology and renovations, as well as new school construction.

''H.R. 1820 deserves national priority consideration for the following reasons: One, the best protection for Social Security is an educated workforce, able to qualify for high-tech jobs and steadily pay dollars into the Social Security Trust Fund.

''Two, the effective performance of our military in action, utilizing high-tech weaponry, requires an educated pool of recruits.

''Three, the U.S. economy will continue to be the pace setter for the globe only if we maintain a steady flow of qualified brainpower and updated know-how at all performance levels, theoretical, scientific, technical and mechanical.

''Invest in education and all other national goals become reachable.''

Invest in education and all other national goals become reachable. Invest

in education and we have a great possibility, a greater possibility. I do not think Social Security is about to go bankrupt. There are a lot of scare tactics applied to discussions of where Social Security funds are now and where they will be 50 years from now. But one way to assure that Social Security funding will be there is to have a workforce out there paying into the Social Security fund. Whatever else we do, and I do not rule out having general appropriations for Social Security, but whatever else we do, we should keep the payment of funds into the Social Security treasury from working people, people who are working.

And if we do not have people who can qualify for the jobs that are going to be available 20, 30, 40 years from now, if we do not have people that have the know-how to do the high-tech jobs, the likelihood is that we are going to contract out a lot of our work to other countries that do have the population and the workforce with the know-how, and they are going to pay money into their Social Security fund, and we will have our Social Security fund deprived of the payment by workers into the fund. That is the first source.

So the best protection for Social Security is an educated workforce. We ought to have a discussion of education on the table when we consider what to do with the huge surplus that is anticipated over the next 10 years. Instead of being a projected $864 billion in tax expenditures, we should say some portion of that money should go for education.

In this particular piece of legislation, the bill I have introduced, I only want $110 billion out of the total that is projected. Even if we have to take the $110 billion away from the tax expenditures, that is $110 billion from $864 billion. The parameters for the discussion have been set by the majority party. They have said we can talk big money, we can talk in billions, we can talk $864 billion, so let us use that as a reference point and say why spend on tax cuts the full $864 billion? Let us negotiate at least $110 billion over a 5-year period to build schools and to modernize schools. Invest in education.

There may be additional money we will want to invest in whole school reform, which, despite the fact that the authorizing Committee on Education and the Workforce did not come up with the program for whole school reform, we get high praise for some of the whole school reform efforts that are going forward. There are many other places where we may need some investment in education, but a large capital expenditure is needed for school construction and modernization.

And a capital expenditure of this kind is only a one-time expenditure. It is not something we would saddle the budget with forever. It would not be ongoing. We would take care of the problem, we would invest in building schools, and then we will have a result from that investment, a return on that investment later on.

I think any businessman, if he had a surplus and there was clearly identified needs in the area of capital investments, would make those investments in order to be able to realize that return in the future.

The General Accounting Office told us in 1995 that we needed $112 billion at that time. That was 4 years ago. We needed $112 billion just to keep the infrastructure at a level which would accommodate the amount of schoolchildren attending school at that time. We now have many more children attending school. I think we have close to 53 million children out there in schools, and what I have just projected, an expenditure of $110 billion over a 5-year period, would be only an expenditure of $416 per year per school-aged child. An expenditure of $416 per child per year over a 5-year period.

So we are talking about a relatively small amount of money to invest in education and guaranty the workforce that we need for tomorrow. And that is an appeal I made to my colleagues on May 26 to cosponsor. And I recently developed another appeal in light of the changed circumstances; that we now know that there definitely is additional money available. I projected it before and I said we should get ready for it and we should put on the table a reasonable package which includes school construction.

□ 2230

I am all for the President's call for an expenditure of a part of the surplus on Medicare. I am all for his call of an expenditure of the bulk of the surplus on shoring up Social Security. I am not against that, but I think it is a great mistake, a great blunder by both Democrats and Republicans not to put education on the table and make it part of the package. But circumstances recently have changed so favorably until I do not see how we can ignore the great window of opportunity that is now open.

So I prepared another letter which I have not sent out yet, I will send it out tomorrow, I start with the following heading. ''Democrats must respond to the overwhelming change in the fiscal surplus negotiating environment.'' I repeat. ''Democrats must respond to the overwhelming change in the fiscal surplus negotiating environment.''

''Republicans have now ratcheted up their demands for a mega-billion-dollar tax cut. The Democratic President has now indicated that he will entertain a tax cut at some level.'' So it is definitely on the table.

''Missing from the end game negotiating table is a Democratic scenario for school construction and modernization.'' At this moment, that is not on the table. None of the speakers tonight have talked about education being part of the mix. I heard discussions of defense, additional expenditures for defense that ought to come out of the surplus and a few other items, but no one talked about education although education if you want to consider the national security of the country as being important, the first item you ought to look at is the quality of our education, including such practical and immediate problems as the workforce required by the military. The military requires recruits that are highly educated, people who must have had enough prerequisite education in order to be able to go into the military and learn how to deal with a high-tech military, high-tech equipment, procedures, et cetera. You need well-trained people in the military as much as you need them in the area of information technology.

So the first step toward shoring up our military should not be new expenditures for equipment like aircraft carriers and B–2 bombers and smart bombs but to make certain that the people who guide those smart bombs and who prepare the maps and the intelligence before you drop the bombs do not make a mistake of the kind we made with the Chinese embassy in Yugoslavia. Or you have people who are smart enough with their high-tech equipment not to be fooled the way we were fooled with the Yugoslav dummy equipment, wooden weapons and all kinds of things that made us believe that we were bombing their military into ineffectiveness when actually we were hitting very little of their military equipment. I do not know why we fell for that trick because we pulled that on Hitler when we were projecting openly exposing equipment in the south of France to make it appear that we were going to launch an invasion of the mainland of Europe from the south, toward the south of France, instead of at Normandy, and the Germans fell for that and we are proud of the fact that we pulled that off. Why we would let Yugoslavia pull the same kind of trick on us with respect to equipment that we thought we were bombing, I do not know, but it points up the need to have better training and a better educated military, set of military personnel from the bottom to the top.

Let me continue. As I said before, ''Missing from the end game negotiating table is a Democratic scenario for school construction and modernization. H.R. 1820, an amendment to the Elementary and Secondary Education Assistance Act, authorizes a direct appropriation which is only one-half the amount authorized and appropriated for transportation. Not $218 billion but $110 billion, or $416 per child per year for 5 years. All of the Democratic proposals for school reform and education are worthy, but nothing proposed is equal to the number one priority ranking that the voters have assigned to

education. A construction and modernization initiative of this kind fills the vacuum.''

This kind of initiative is a response worthy of what the voters have demanded. In poll after poll, you have said education should get more assistance from the Federal Government. You do not want to hear an answer that we are going to have a Teacher Empowerment Act which takes old funds away from poor schools and redirects them, spreading them out over the whole country to train teachers better but no new funds are going to be allocated. You do not want to hear that kind of response to an overwhelming demand that the Federal Government play a greater role in providing assistance to education.

Here is a response worthy of it. Lay these responses alongside of the $218 billion that we approved for highway and transportation last year, $218 billion over a 6-year period. That is about 50 some billion dollars a year for the next 6 years. We approved that. The authorization committee came forward with it. It was not the Appropriations Committee. The Appropriations Committee was driven by the energy of the authorizing committee. Today we had the authorizing committee, Education and the Workforce, refusing to even ask for additional funding and take to the Appropriations Committee the priorities that have been set by the American people.

So we are asking for a worthy response, $110 billion over 5 years. Lay that aside the highway and transportation bill of $218 billion over 6 years and then lay that aside of the new request from the Republican majority for $864 billion over 10 years. If you get dizzy considering billions of dollars, I can understand but at least let us look at the comparisons and understand the framework in which we are operating.

I have had people say to me, ''When you talk about $22 billion a year for school construction over a 5-year period which all adds up to $110 billion over 5 years, that is mind-boggling.'' It may be mind-boggling, but we live in a mind-boggling era and we are a country of more than 250 million people. There are more than 16,000 school districts out there, and there are 53 million children out there. When you look at the number of children and you look at the amount spent per child, we are talking about $416 per child per year. Maybe that can help you understand the mind-boggling figure of $22 billion per year over a 5-year period which adds up to $110 billion. And then lay the $110 billion alongside $218 billion for highways, lay that alongside $864 billion for a tax cut, and you are able to comprehend maybe what is going on in Washington.

Do you want to stand by and let your government leaders make the blunder of a tax cut expenditure of $864 billion while schools receive zero from a surplus that does exist, or we assume exists? Democrats risk also being upstaged on this because I do not think the majority party is as dumb as some people consider it to be and I do not think this whole process is going to go forward without the majority party waking up to the fact that the people out there are still demanding that the Federal Government do more for education.

Between now and the next election in the year 2000, I expect some movement on the part of the majority party, and I hope the Democrats are not going to be victimized by an October surprise like the one we had in October of 1996 when the Republicans agreed to an increase in education funding of $4 billion. After the Republicans had gone for a period from 1994 to the fall of 1996 calling for the abolishment of the Department of Education, wanting to cut school lunches, they attacked education vigorously, they cut Head Start, they cut title I, they went into 1995 and shut down the government because the President would not agree to those kinds of cuts, after all that had happened, in the fall of 1996 they decided to appropriate $4 billion more for education and they went out and told the public, ''We are the party which supports education.'' And they had enough people to believe that to win back the majority. I am convinced that that was a major item, a major part of their winning in 1996.

''Democratic refusal to support a meaningful dollar investment in school construction and modernization could weaken our ties to our labor allies and leave open an opportunity for Republicans to capture more labor union support.''

I have talked before about the way we treat the working people in this country. People look at requests for new money for education, for items like school construction or items like whole school reform or any items related to education, they look at it and say, ''Well, that's for minorities, that's for people in the inner cities,'' but most of the working families in this country cannot afford to send their children to private schools. So we are talking about the public school system. And a refusal to direct funding into school building repair and modernization is an abandonment of the public school system and working families are out there who are going to suffer as a result.

''We cannot emphasize too much the fact that the fiscal negotiating environment has undergone a rapid, almost revolutionary sea-change since the announcement of the long-term multi-trillion dollar surplus. To adapt to this change and at the same time respond to the number one priority of the voters, we urge you to review your position on H.R. 1820 and sign up for cosponsorship now.''

I am trying to get this new letter out. I have some sponsors that we did not have before. The minority whip the gentleman from Michigan (Mr. BONIOR) now is a cosponsor of this bill. The gentlewoman from California (Ms. PELOSI) on the Appropriations Committee is a cosponsor. We hope that we can have new momentum that will be generated among those skeptical Democrats who did not want to be associated with an appropriation figure which seemed unreal. It is not unreal anymore. I hope I do not have to repeat why it is not unreal. I think that every one of my colleagues, Republican or Democrat, can see that $110 billion alongside $864 billion is not an unreal projection of what should be available for school construction.

Now, one final specific item about this particular bill, H.R. 1820. We propose to appropriate the money on the basis of the number of school aged children in each State. This is a bill that would not be targeted, means-tested and that the utilization of it would have great flexibility for security purposes, for repair, for modernization, for technology, for construction, for renovation. There would be great flexibility and it would be appropriated according to the number of school aged children. If you look at it in terms of the blanket call for $110 billion, it may seem kind of irrelevant to you, but let us look at what each State will get if you take the number of school aged children projected for that State for this year and you apply that to the formula.

Alabama would receive $341 million for school construction per year. This is the first year. Each year for 5 years, Alabama would receive $340 million. California would receive $2.7 billion a year for 5 years. Florida would receive $1.1 billion. Hawaii, $92 million. Iowa, $233 million. It would be money which is real enough to deal with the problem that the General Accounting Office has cited. We are talking about expenditures which would make a big difference in terms of school construction and school modernization and repair, et cetera. We are talking about an investment in education which would be a capital investment, the value over 30, 40, 50 years, versus the $864 billion projected for a tax cut expenditure over a 10-year period.

Mr. Speaker, I include for the RECORD these two items, my Dear Colleague letter of May 26, 1999, and my Dear Colleague letter of July 14, 1999 in their entirety:

IN THE YEAR 2000 WE LAUNCH THE MARCH TOWARD A NEW CYBERCIVILIZATION—WE ARE SPENDING 218 BILLION DOLLARS ON HIGHWAYS AND ROADS IN SIX YEARS

LET US INVEST HALF THIS AMOUNT—110 BILLION—IN FIVE YEARS TO BUILD, REPAIR AND MODERNIZE SCHOOLS

DEAR COLLEAGUE: Please join me as a cosponsor for H.R. 1820, an amendment to the

Elementary and Secondary Assistance Act which mandates a worthy federal investment in education for the children of America. Pubic opinion polls consistently show that our voters consider Federal Aid to Education as the nation's number one priority. We must now move beyond paltry pilot projects in our response to this long-term public outcry.

H.R. 1820 commits the Federal government to make the contribution most suitable to its role. Through direct appropriations we must make capital investments in the school infrastructures. Offer leadership in the building of schools and then leave the details of the day to day operations to local and state authorities.

H.R. 1820 proposes to help all schools by authorizing a per capita (on the basis of school age children) distribution of the allocations for the purposes of modernization, security, repair, technology and renovations as well as new school construction.

H.R. 1820 deserves national priority consideration for the following reasons:

The best protection for Social Security is an educated work force able to qualify for hi-tech jobs and steadily pay dollars into the Social Security Trust Fund.

The effective performance of our military in action utilizing hi-tech weaponry requires an educated pool of recruits.

The U.S. economy will continue to be the pace setter for the globe only if we maintain a steady flow of qualified brainpower and updated know-how at all performance levels—theoretical, scientific, technical and mechanical.

Invest in education and all other national goals become reachable.

SEC. 12001. FINDINGS.

(1) There are 52,700,000 students in 88,223 elementary and secondary schools across the United States. The current Federal expenditure for education infrastructure is $12,000,000. The Federal expenditure per enrolled student for education infrastructure is 23 cents. An appropriation of $22,000,000,000 would result in a Federal expenditure for education infrastructure of $417 per student per fiscal year.

(2) The General Accounting Office in 1995 reported that the Nation's elementary and secondary schools need approximately $112,000,000 to repair or upgrade facilities. Increased enrollments and continued building decay has raised this need to an estimated $200,000,000,000. Local education agencies, particularly those in central cities or those with high minority populations, cannot obtain adequate financial resources to complete necessary repairs or construction. These local education agencies face an annual struggle to meet their operating budgets.

(3) According to a 1991 survey conducted by the American Association of School Administrators, 74 percent of all public school buildings need to be replaced. Almost one-third of such buildings were built prior to World War II.

(4) The majority of the schools in unsatisfactory condition are concentrated in central cities and serve large populations of poor or minority students.

(5) In the large cities of America, numerous schools still have polluting coal burning furnaces. Decaying buildings threaten the health, safety, and learning opportunities of students. A growing body of research has linked student achievement and behavior to the physical building conditions and overcrowding. Asthma and other respiratory illnesses exist in above average rates in areas of coal burning pollution.

(6) According to a study conducted by the General Accounting Office in 1995, most schools are unprepared in critical areas for the 21st century. Most schools do not fully use modern technology and lack access to the information superhighway. Schools in central cities and schools with minority populations above 50 percent are more likely to fall short of adequate technology elements and have a greater number of unsatisfactory environmental conditions than other schools.

(7) School facilities such as libraries and science laboratories are inadequate in old buildings and have outdated equipment. Frequently, in overcrowded schools, these same facilities are utilized as classrooms for an expanding school population.

(8) Overcrowded classrooms have a dire impact on learning. Students in overcrowded schools score lower on both mathematics and reading exams than do studetns in schools with adequate space. In addition, overcrowding in schools negatively affects both classroom activities and instructional techniques. Overcrowding also disrupts normal operating procedures, such as lunch periods beginning as early as 10 a.m. and extending into the afternoon; teachers being unable to use a single room for an entire day; too few lockers for students, and jammed hallways and restrooms which encourage disorder and rowdy behavior.

(9) School modernization for information technology is an absolute necessity for education for a coming CyberCivilization. The General Accounting Office has reported that many schools are not using modern technology and many students do not have access to facilities that can support education into the 21st century. It is imperative that we now view computer literacy as basic as reading, writing, and arithmetic.

(10) Both the national economy and national security require an investment in school construction. Students educated in modern safe, and well-equipped schools will contribute to the continued strength of the American economy and will ensure that our Armed Forces are the best trained and best prepared in the world. The shortage of qualified information technology workers continues to escalate and presently many foreign workers are being recruited to staff jobs in America. Military manpower shortages of personnel capable of operating high tech equipment are already acute in the Navy and increasing in other branches of the Armed Forces.

SEC. 12003. FEDERAL ASSISTANCE IN THE FORM OF GRANTS.

(a) AUTHORITY AND CONDITIONS FOR GRANTS.—

(1) IN GENERAL.—To assist in the construction, reconstruction, renovation, or modernization for information technology of elementary and secondary schools, the Secretary shall make grants of funds to State educational agencies for the construction, reconstruction, or renovation, or for modernization for information technology, of such schools.

(2) FORMULA FOR ALLOCATION.—From the amount appropriated under section 12006 for any fiscal year, the Secretary shall allocate to each State an amount that bears the same ratio to such appropriated amount as the number of school-age children in such State bears to the total number of school-age children in all the States. The Secretary shall determine the number of school-age children on the basis of the most recent satisfactory data available to the Secretary.

SEC. 12006. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title, $22,000,000,000 for fiscal year 2000 and a sum no less than this amount for each of the 4 succeeding fiscal years.

Sincerely,

MAJOR R. OWENS,
Member of Congress.

DEMOCRATS MUST RESPOND TO THE OVERWHELMING CHANGE IN THE FISCAL SURPLUS NEGOTIATING ENVIRONMENT

Republicans Have Now Racheted Up Their Demand For A Mega-Billion Dollar Tax Cut.

The Democratic President Has Now Indicated That He Will Entertain A Tax Cut At Some Level.

MISSING FROM THE END-GAME NEGOTIATING TABLE IS A DEMOCRATIC SCENARIO FOR SCHOOL CONSTRUCTION AND MODERNIZATION

H.R. 1820, An Amendment To The Elementary And Secondary Education Assistance Act Authorizes A Direct Appropriation Which Is Only One Half The Amount Authorized And Appropriated For Transportation—Not 218 Billion Dollars, But 110 Dollars Or 416 Dollars Per Child Per Year For Five Years.

All Of The Democratic Proposals For School Reform And Education Are Worthy But Nothing Proposed Is Equal To The Number One Priority Ranking That The Voters Have Assigned To Education—A Construction And Modernization Initiative Fills This Vacuum.

Democrats Risk Being Upstaged By A Republican ''October Surprise'' On School Construction and Modernization.

Democratic Refusal To Support A Meaningful Dollar Investment In School Construction And Modernization Could Weaken Our Ties To Our Labor Allies And Leave Open An Opportunity For Republicans To Capture More Labor Union Support.

We cannot emphasize too much the fact that the ''fiscal negotiating environment'' has undergone a rapid, almost revolutionary sea-change since the announcement of the long-term multi-trillion dollar surplus. To adapt to this change and at the same time respond to the number one priority of the voters, we urge you to review your position on H.R. 1820 and sign up for co-sponsorship now.

Enclosed is a copy of the original ''Dear Colleague'' letter along with additional information indicating the amount of funding your State would receive through a simple formula based on the number of school aged children residing in each state.

To Co-Sponsor H.R. 1820 please call Sudafi Henry or Beverly Gallimore at 225–6231.

Yours For Education Excellence,

MAJOR R. OWENS,
Member of Congress.
NANCY PELOSI,
Member of Congress.

I would like also to enter into the RECORD the School Construction Funding by State, the formula here which describes the amount of money that each State would receive out of an appropriation of $110 billion over a 5-year period.

SCHOOL CONSTRUCTION FUNDING BY STATE (H.R. 1820)

State	Total Number of School Age Children (ages 5–17) [1]	Funds estimated (In millions)
Alabama	789,333	$341,126,043
Alaska	142,903	61,758,389

SCHOOL CONSTRUCTION FUNDING BY STATE (H.R. 1820)—Continued

State	Total Number of School Age Children (ages 5–17) [1]	Funds estimated (In millions)
Arizona	895,218	386,886,363
Arkansas	478,837	206,938,986
California	6,347,098	2,743,025,343
Colorada	761,718	329,191,668
Connecticut	579,428	250,411,399
Delaware	129,860	56,121,596
District of Columbia	72,431	31,302,505
Florida	2,586,883	1,117,973,226
Georgia	1,454,483	628,583,918
Hawaii	214,232	92,584,643
Idaho	259,691	112,230,659
Illinois	2,296,551	992,500,445
Indiana	1,106,627	478,250,990
Iowa	539,958	233,353,649
Kansas	515,347	222,717,512
Kentucky	724,726	313,204,835
Louisiana	878,063	379,472,486
Maine	224,438	96,995,370
Maryland	943,128	407,591,627
Massachusetts	1,064,414	460,007,798
Michigan	1,894,530	818,759,030
Minnesota	942,066	407,132,663
Mississippi	554,803	239,769,213
Missouri	1,042,745	450,643,106
Montana	171,598	74,159,507
Nebraska	330,989	143,043,516
Nevada	331,047	143,068,582
New Hampshire	225,490	97,450,013
New Jersey	1,443,241	623,725,462
New Mexico	371,207	160,424,529
New York	3,249,139	1,404,180,402
North Carolina	1,392,729	601,895,692
North Dakota	122,404	52,899,337
Ohio	2,101,841	908,352,624
Oklahoma	651,067	281,371,625
Oregon	608,229	262,858,327
Pennsylvania	2,140,017	924,851,146
Rhode Island	175,805	75,977,646
South Carolina	706,248	305,219,198
South Dakota	150,843	65,189,819
Tennessee	969,365	418,930,472
Texas	4,013,816	1,734,650,861
Utah	497,578	215,038,284
Vermont	108,620	46,942,305
Virginia	1,197,604	517,568,520
Washington	1,085,679	469,197,893
West Virginia	305,065	131,839,941
Wisconsin	1,018,146	440,012,157
Wyoming	98,643	42,630,545

[1] Figures obtained from U.S. Census Bureau. Current as of July 1, 1998.

I know that there are still those out there who say, ''I would rather have the tax cut.'' Who is it that when you are asked a question ''Would you rather have a tax cut than to have new government programs'' will not answer the question, ''Yes, I'd like a tax cut''? There are a lot of people out there who feel that the proposal that has been made by the Republican majority affects me and impacts on me and I will have some piece of that. The Republican majority has said they are going to have an across-the-board 10 percent cut in taxes. That will add up to a large amount of money for people who are making large salaries. If their incomes are very high, they will have a large dividend from that, because what the Republican majority is saying is they are going to have a 10 percent across-the-board cut on the tax rates. The tax rates. So that people who are paying the highest tax rates get the greatest benefits from that 10 percent across-the-board cut.

People down lower who think that they are going to realize a lot from their tax cut do not understand that this tax cut is not for the average person making $50,000, $30,000. It is not for you. If they wanted a tax cut for you, and I think you ought to understand this before you support what looks like a good idea and looks like it might deliver some benefits to you, you might take a look at what the Republican majority could have done if they wanted to deliver tax relief or a tax cut to the little guy and to the average family.

□ 2245

They could have a 10 percent cut on taxable income; that would be real. You could realize that at any level. As my colleagues know, I propose, just as an example, and I proposed several tax bills this year, as my colleagues know, I have a former tax expert on my staff who constantly updates me on what is going on and what some possibilities are.

You know, people who are on the Committee on Education and the Workforce, as I am, are not supposed to deal with tax matters. They want to compartmentalize this, but I think the people who elected me to come to Congress to do a job across the board, you cannot separate these things.

If you oversimplify and you separate tax policies from education policies, you are going to end up being swindled because people who are promoting tax policies are going to continue, as they do now, to pretend that ways and means and taxes has nothing to do with education. But once they give all the money away, the argument is going to be made that they have no more money for education; and for that reason we have to all be involved across the board in all facets of what goes on here in this Congress, and certainly all of us need to be involved with tax matters and appropriation matters.

My bill, the one I am dropping in today, calls for a 3 percent cut of taxable income across the board. Now what does that mean? That means that if you make $30,000 a year, I mean, if you have an income and after all the deductions and adjustments are made your taxable income is $30,000, you would get a $900 tax cut. The same guy who is making a million dollars on his first $30,000 of taxable income will get a $900 tax cut too. There would not be the unevenness that you have here where the rate across the board reduction, 10 percent reduction in the rate, gives advantage to those on the top. Everybody would benefit equally in terms of a cut in the taxable income. The people at the bottom would get the same advantage as the people at the very top.

And a staff member of mine prepared a chart for me. I was going to read off what it looks like from the top to the bottom, and I misplaced the chart and did not bring it with me. But the thrust of the matter is that a 3 percent tax cut yields a certain amount of money, 3 percent from the taxable income yields a finite amount of money. For $30,000 you are talking about a $900 cut, and the first $30,000 that a millionaire makes, he get a $900 tax cut, the next $30,000, he get another $900 tax cut and so forth. Everybody would be getting the same amount cut as the Republican majority now proposes it. It is a cut in the rate, which means that the people with the highest rates will get the greatest benefits for the tax cut.

There is another item that I wish would get some consideration. The Republican majority is moving so fast with the tax cut that it will be on the table tomorrow. I had hoped that some considerations I had raised earlier in the Progressive Caucus and with other circles would be put on the table as we prepared an alternative to the Republican tax cut. I understand in the Democratic Caucus tomorrow we may be considering some kind of alternative. It is a pity we waited so late to prepare an alternative, but at least I like to take a look at that alternative.

Part of what should be in that alternative is some relief, some tax relief for the people on the bottom who have paid the highest increase in taxes over the last 10 to 20 years. The payroll taxes have gone up, and in an article by David Rosenbaum in the New York Times on July 19, yesterday, Mr. Rosenbaum talks about the fact that polls on tax cuts find that the voters are kind of mixed up, and the edge seems to go to voters who feel that programs are more important than tax cuts. People worry more about programs and high taxes. But in his conclusion of the article Mr. Rosenbaum points out something which I have tried to get my colleagues to understand but failed, and that is, and I will quote from the latter part of the article:

''In a Gallup poll, 69 percent of the Republicans said a candidate's position on the amount Americans pay in Federal taxes was an important factor in how they voted, but fewer than half the Democrats and Independents gave that response; and not surprising, the more money people make and thus the more they pay in taxes, the more they favor tax cuts. Gallop found that 62 percent of those with annual incomes above $75,000 regarded taxes as a high or top priority in deciding whom to vote for.''

And this is the paragraph that I want to stress:

''One reason the public may generally be skeptical about tax cuts is that most people pay more in Social Security and Medicare payroll taxes than they pay in income taxes, and no one nowadays is talking about reducing payroll taxes.''

I think the Democratic party, my colleagues, my leadership, is missing an opportunity that is not gone completely. If we are going to have a tax cut, an alternative to the Republican $864 billion tax spending bill, then let us consider this paragraph.

One reason the public may generally be skeptical about tax cuts is that

most people pay more in Social Security and Medicare payroll taxes than they pay in income taxes, and no one nowadays is talking about reducing payroll taxes.

Why do we not talk about reducing payroll taxes? Into this tax package that is into this surplus spending package and the tax reduction part of it let us not only put education as one of the vital items that must be considered in the negotiations, let us also put the high payroll taxes into that mix and into that discussion. Let us reduce payroll taxes.

The final paragraph of Mr. Rosenbaum's article concludes:

''In 1997 a couple with $50,000 in income from wages paid $7,650 in payroll taxes.'' Let me repeat. ''In 1997 a couple with $50,000 in income from wages paid $7,650 in payroll taxes, but assuming one child and itemized deductions of $10,000, the couple paid only $4,800 in income taxes.'' They are paying almost twice as much in payroll taxes as they pay in income taxes.

If you want a tax cut and if you are one of those people who say, well, I know we need money for education and we should have money for school construction, but I want a tax cut, and I insist that we have a tax cut; well, let us have a tax cut, but let us have a tax cut for the people who are on the bottom and who need it most. Let us have a tax cut for the people who have the highest increases in their taxes, and that is the people on the bottom, the payroll taxes. The Medicare and the Social Security taxes combined have represented the biggest increase in taxes of all over the last 10 to 20 years, and we need to give relief for those people.

So in conclusion what I am saying is that we cannot separate those two matters, and I do want to introduce this article, Mr. Speaker. I include an item by David Rosenbaum, a New York Times, July 19, 1999, in the RECORD:

[From the New York Times, July 19, 1999]

POLLS ON TAX CUTS FIND VOTERS' MESSAGES MIXED

(By David E. Rosenbaum)

WASHINGTON, July 18—Nearly two-thirds of Americans think their taxes are too high. But few of them worry much about it, and most people would rather have the Government spend money on popular programs than cut taxes.

These somewhat contradictory findings from a review of public opinion polls help explain why Republicans and Democrats have such different views on tax cuts. Each side can find something in the polls to justify its position.

Republicans in Congress expect to approve large tax cuts this summer. Among the steps Republicans are considering are reduced income-tax rates, a lower capital gains tax, abolition of the tax on inheritances, new tax breaks for retirement savings and more favorable tax treatment of married couples.

These measures are opposed by most Democrats in Congress, and President Clinton has promised to veto them. The President favors a much smaller tax cut focused largely on retirement savings. The President and the Democratic lawmakers also favor spending more on health and education programs.

In a Gallup poll this spring, 65 percent of those questioned said their taxes were too high. Over the last 30 years, through good economic times and bad, this figure has not changed a great deal.

On the other hand, when CBS News asked people in a poll last week what they thought was ''the single most important problem for the Government—the President and Congress—to address in the coming year,'' only 5 percent named taxes, putting the issue behind health care, Social Security, the national debt, education and Medicare and Medicaid.

In a similar vein, when Gallup asked people in March whether they favored a tax cut or ''increased spending on other Government programs,'' three-quarters opted for the tax cut. But on an alternative question, when people were asked whether they preferred a tax cut or more spending to ''fund new retirement savings accounts, as well as increased spending on education, defense, Medicare and other programs,'' three of every five respondents favored financing of the specified programs.

The idea of cutting taxes ''has only moderate priority when you test it against spending,'' said Andrew Kohut, director of the Pew Research Center, a nonpartisan polling operation. ''The reason is not that people don't think their taxes are too high, because they do, but they think tax breaks won't benefit them and the country as much as the spending, and they think that when taxes are cut, the rich guys are the ones who are going to make out.''

Indeed, a poll by Gallup, CNN and USA Today in April found that 66 percent of the public believes ''upper-income people'' already pay too little in taxes.

When they debate tax policy, Republicans and Democrats rely on the polling results that bolster their separate doctrines.

Asked in an interview last week why polls showed little clamor for tax cuts among voters, Representative Bill Archer of Texas, the Republican who is chairman of the Ways and Means Committee, replied: ''We know from long-term polling data, over a long period of time, that people believe they are overtaxed. People do not say we are taxed too little. They say Government spends too much and that we are taxed too much.''

But in the Ways and Means Committee debate on tax legislation last week, Representative Pete Stark, Democrat of California, insisted that people understood the Republican bill would benefit mainly the rich. The Republicans ''would rather help multimillionaires and special interests rather than enable seniors to obtain affordable prescription drugs,'' Mr. Stark declared.

Paradoxically, when the Pew Research Center asked voters last month whether they thought Republicans or Democrats would do ''a better job'' on taxes, the outcome was a dead heat: 38 percent said Republicans and 38 percent said Democrats.

One reason tax cuts are so important to Republicans is that this is a matter on which two main strands of the party, business interests and religious conservatives, agree.

Another reason is that many issues that used to be central to Republican dogma, like anti-communism, are not relevant today. And many others, like welfare, crime and balanced budgets, have been co-opted by President Clinton.

Among voters, tax cuts are a significantly higher priority for Republicans that for Democrats and independents.

In a Gallup poll, 69 percent of Republicans said a candidate's position on the ''amount Americans pay in Federal taxes'' was an important factor in how they voted, but fewer than half of Democrats and independents gave that response.

And not surprising, the more money people make and thus the more they pay in taxes, the more they favor tax cuts. Gallup found that 62 percent of those with annual incomes above $75,000 regarded taxes as a high or top priority in deciding whom to vote for.

One reason the public may generally be skeptical about tax cuts is that most people pay more in Social Security and Medicare payroll taxes than they pay in income taxes, and no one nowadays is talking about reducing payroll taxes.

In 1997, a couple with $50,000 in income from wages, paid $7,650 in payroll taxes. Their employers paid another $7,650 as their share. But assuming one child and itemized deductions of $10,000, the couple paid $4,800 in income taxes.

And in conclusion I want to say that what I am trying to say here is important. We cannot separate education from tax policy. Education policy, education programs, tax policy, we must discuss them all in one package. We must understand that there is going to be an end game negotiation process. Probably the first part of that process will take place this fall, but the final process that must take place will be in the fall of the year 2000, just before the election.

Just as we had a final set of decisions in 1996 that were revolutionary in terms of education funding, I expect that we will have a set of decisions in the fall of 2000 as a result of the end game negotiations between the majority Republicans and the White House which will conclude by dispensing a package which includes some kind of tax cut. There are also going to be increases for health care, increases for defense, and we want education also to be in that package. We need funding for education, school construction, repair, renovation and technology.

ILLEGAL NARCOTICS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Florida (Mr. MICA) is recognized for 60 minutes.

Mr. MICA. Mr. Speaker, I come to the floor again to talk about the subject that is very important to me and to millions of Americans, unfortunately a subject that does not get a lot of headlines except in local papers; and I will refer to those, some of those headlines across the country tonight, and that is the subject of illegal narcotics and the problem of drug abuse and illegal narcotics trafficking across our great land.

I come to the floor to report to the House and to the American people

again on this epidemic, this silent epidemic, but deadly epidemic, that is facing our Nation and a challenge that is facing this Congress I inherited from Speaker HASTERT who chaired the National Security International Affairs Oversight Subcommittee during the last Congress in which I served with him, responsibility for national drug policy in the House of Representatives, working with the Speaker and several other colleagues in committees of jurisdiction, but my particular subcommittee assignment is chairing Criminal Justice and Drug Policy and Human Resources, trying to piece together our national drug policy and whatever efforts this Congress may take to stem this horrible problem, and each week I come to the floor in a 1-hour report to provide sort of an update on what is happening and try to get the message across to the Congress that drugs do destroy lives, illegal narcotics kill and maim, just absolutely devastate family after family in our land.

In fact, last year over 14,000 Americans lost their lives to illegal narcotics in our country. In the last 6 or 7 years of this administration over 100,000 Americans and particularly our young people have been victims and lost their lives, more than the losses in many of our recent international conflicts and some of our wars. We have suffered these tragic losses and those are losses in lives, not to mention the destroyed families, the cost to this Congress, the hundreds of billions of dollars to support our criminal justice system to take care of the social problems, the lost employment and other opportunities that are lost with people who fall victim to the plague of illegal narcotics.

I would be remiss if I did not come to the floor and reflect upon what has been on the minds of the Nation since last Friday evening when we first learned the news of JFK Junior's missing airplane and the whole Nation has focused its attention on this great and tragic loss; and it is a shame that we have lost this young man. I had an opportunity to meet him twice, and he provided a beautiful role model, handsome, young, energetic with so much potential and so much life, and his life lost; and it is sad that a role model coming from a family that has given so much to this Nation should be lost in such a tragedy.

But again across our land every day 50 people die due to illegal narcotics. The toll, as I said last year, is over 14,000. Some die silent deaths, some more tragic deaths from drug overdoses from direct illegal narcotics use and abuse and tragedies.

I had the opportunity this morning to see another great role model. My son who is 20 and was in Washington with me today, he and I attended the Langley medal award for the Apollo 11 astronauts, and we had a chance to talk to Neil Armstrong and to the commander of the module, Mr. Collins, and also Buzz Aldrin, second man on the Moon. Again, great role models for our Nation, tremendous heroes whose names will go down in history.

□ 2300

I did have a few minutes to chat with Neal Armstrong, the first man on the moon. Again, a great, great role model for our young people. He and I, in our brief chat, did discuss our dismay at trying to find a solution, and I salute his efforts now as a private citizen trying to assist us in this war on illegal narcotics in what he has done, not only directly, but indirectly as serving as a role model of what opportunity this great Nation holds for us, that those of us who can live a drug-free life without a life of abuse for illegal narcotics or addiction to illegal narcotics. But 2 beautiful people, 2 beautiful examples of what life can be and hold so much promise and opportunity for each of us. I mention both of those tonight.

As I flew away from Washington last week, I went through the Baltimore airport and picked up the Baltimore Sun. I like to reflect on what is going on around the Nation with the problem of illegal narcotics. I was struck by last Friday's newspaper, the Baltimore Sun, on the front page. The headline, this tragic headline, They Killed Him Over $15. Sure enough, I read on into the paper, and let me read from this article a little bit about this preacher who was slain for $15 in a neighborhood in Baltimore that has been plagued by so many problems emanating from illegal narcotics. Let me just read a little bit of this article.

It says, ''For generations, this thin band of forest has embraced the residents of Quantico and Oswego and Clausen Avenues in cool, green shade. But in recent years, it became a Sherwood of thieves and dope addicts landscaped with syringes, liquor bottles, and discarded stolen goods.''

Further on in the story, it relates again how this preacher, this good human being, a citizen of Baltimore, was slain for $15 last week. It says, ''Even the presence of a police athletic league center has not discouraged the interlopers who lounge by the wading pool at night snorting heroin and littering the soccer field with empty drug vials.''

This is Baltimore, just a few miles from our Nation's Capital. What a tragedy of a lost life.

My message has been that drugs destroy lives; and in Baltimore indeed, drugs have destroyed lives, a great example.

Again, from the newspaper, to bring my colleagues up to date, Mr. Speaker, this is an article, an Associated Press article from July 18, just a few days ago. In New Orleans, it says, ''Two Jefferson Parish residents who drove to New Orleans to buy heroin were shot and killed early Sunday morning in a hail of bullets, a companion who survived the attack told New Orleans police.'' A wonderful city; probably one of the most beautiful cities in America. Another city ravaged by illegal narcotics and the crime, the death that it brings, just a few days ago. Another article, another city, other lives snuffed out by illegal narcotics.

This is an article that appeared again within the last 3 days, July 17. It says, ''Discovering drug labs is part of the job for probation and parole officers.'' This is not Baltimore, New Orleans or New York or Detroit areas where we might expect it. It is Boise, Idaho. And the AP story reads, ''Finding people making the illegal drug methamphetamine is becoming a potentially dangerous fact of life for Idaho probation and parole officers.'' The story goes on, ''They increasingly are uncovering make-shift meth-looking operations in the course of monitoring and trying to help redirect the lives of ex-convicts and offenders getting another chance to avoid prison.''

The story goes on. It says, ''The State's 170 probation and parole officers have been involved in discovering 51 of the 85 meth labs busted throughout Idaho recently this year. That is up sharply from 98 found Statewide in the entire year of 1998, 23 of them found by probation and parole officers. People have already been busted once,'' the article goes on to say, ''for using meth, and are 2 to 3 times more likely than other offenders to be arrested again.''

Mr. Speaker, ''80 percent of the offenders,'' the article goes on to state, ''are battling addiction to meth or other substances. Right now it is an incredible problem. Every time we write a violation report the word 'meth' is somewhere in it.''

Now, this is an article from the heartland of America from Idaho.

We held hearings in our subcommittee; and we found evidence of meth production, meth epidemics in Minnesota, Iowa, Idaho, Atlanta, Georgia, the West Coast of the United States. Places where we would not expect this. What was interesting is, the source of most of the methamphetamine has been traced to Mexico, and I would like to just state for the RECORD and show for the RECORD some bad news. Last week, I had some good news that the Mexicans were extraditing a murderer from the State of Florida, and unfortunately, this is the news on the people who are producing this meth, again, across our land.

Jose de Jesus Amezcua Contreras, he is actually known as one of the world's largest producers and traffickers in methamphetamines and is the head of this organization. And unfortunately, the Mexicans, who fail to cooperate

with us except on very limited occasions, took some action that is most regrettable this past week.

A judge issued an injunction Monday against a United States request to extradite Amezcua and gave Federal prosecutors 10 days to appeal the decision before setting Amezcua free. Despite overwhelming evidence, all Mexican drug charges have been dismissed against this individual who is helping to import death and destruction, whether it is Idaho, whether it is Minnesota, Iowa, or West Coast, or our southern States. Again, besides the fact that there was overwhelming evidence, all the Mexican charges have been dropped against him. He is still being held in custody, fortunately.

Now, we have had success again with one individual, a U.S. citizen, who committed a horrible murder in southwest Florida being judged as eligible for extradition. But in fact, we have 270 some other requests for extradition, including this individual who is the ''meth king,'' who again is getting off on these charges. His brother was released from prison in May. The whole family, there are a series of these brothers, and I have shown their posters here on the House floor, before are all involved up to their eye balls in illegal narcotics, particularly the deadly meth trade.

A Mexican appellate judge threw out trafficking charges against his brother, and now we see the same thing happening here with this individual, again with the meth and the story from Boise, Idaho.

□ 2310

This dateline is Birmingham, Alabama, and again it illustrates that illegal narcotics, drugs, do destroy lives. This article is an Associated Press article within the last few days, July 16. It says, Birmingham, Alabama: Pacifiers, temporary tattoos and toothpicks seem like harmless enough items but they are also tools of the teenage drug trade, according to doctors and drug experts.

The article goes on, and let me just cite part of it. Drug abuse doubles and even triples in the summer among children graduating from one school to another, he said. Children also report their first drug experience often comes in the summer, leading up to the move from elementary to middle school and from middle school to high school, because they feel more grown up.

What is becoming a greater problem is also cited in this Birmingham article. It says, Ecstacy is a growing danger. It is a relatively new form of amphetamine that can give a euphoric rush in low doses and it often causes strokes, heart attacks and breathing problems at higher levels, according to this report. Here, again, in the heartland of America and our south Birmingham, Alabama, Ecstacy complements another amphetamine, compliments of some of our Mexican neighbors to the south, coming in in huge quantities.

Here is a story from Albuquerque, New Mexico. It says, in less than 18 months, a drug considered a safe way to help addicts kick heroin habits has been found in the bodies of more than three dozen people who died of drug intoxication in New Mexico. Again, this year we will probably set a record in excess of 14,000 deaths by illegal narcotics or narcotics taken in this fashion. This is a New Mexico, southwest area, Albuquerque a beautiful community. There were about 200 drug-related deaths from January 1998 through mid-May of this year and 41 of the victims had methadone in their systems, according to the Department of Public Safety statistics. Again, illegal narcotics and their effect in one community, Albuquerque, New Mexico. Illegal drugs do destroy lives and have an incredible impact.

More bad news from Mexico this week, Mr. Speaker. A Mexican appeals judge on Friday, according to this report, cut the 50-year prison sentence of Raul Salinas, the brother of Mexico's former President, by almost half. The Swiss Supreme Court overturned the confiscation of about $115 million. Now, how does the former President's brother get $115 million? We know it was drug-related money. We know the family was involved in illegal narcotics up to their eyeballs, too, like some others we have cited tonight.

The money that has been held by Swiss prosecutors, this article says, was derived from drug trafficking.

Mr. Salinas must still serve 27 years for the 1994 assassination of his former brother-in-law, a top ranking official of Mexico's ruling institutional revolutionary party. Here, again, bad news from Mexico; one of the families involved in laundering hundred of millions of dollars.

I have told a story that we had testimony before our subcommittee. Now this is the former President's brother, Raul Salinas, but we had testimony by a Customs agent, and I think a fairly reputable source and other sources, that confirmed this, of one Mexican general most recently attempting to place $1.1 billion, that is $1.1 billion, I did not make a mistake, it is not million, it is $1.1 billion, in illegal drug money into legitimate investments and financial depositories in the United States. We know that those meetings took place. We know that the general, in fact, had skimmed that kind of money.

That is an incredible story of money. We see the President's brother with hundreds of millions and we have Mexican generals with billions of dollars to place. It should raise many questions about our policy and the lack of action by Mexico who wants trade benefits; who wants financial assistance of the United States in international monetary markets; who wants support to be more than a developing nation, to be an equal, again, trading and financial partner. This is the type of cooperation that we get, first of all, the largest methamphetamine dealer in Mexico, with the charges dropped. Next we see the President's brother, the former President's brother, getting his charges reduced, and here we also have a case of a Mexican general trying to place an incredible amount of money and most of the investigation squashed. So it is a pretty sad state of affairs as it relates to Mexico.

Now, tonight I brought a story of destruction and death from different cities and parts of our country, and that is just in the last few days. This entire problem of illegal narcotics has an impact on every community. In my community, in central Florida, as I have stated before, the recent headlines have said illegal narcotics, overdoses and deaths now exceed homicides. I try to substantiate what we say about illegal narcotics, because illegal narcotics are so glorified by Hollywood and by movies and videos and commentary among our young people.

During our recent hearings in our subcommittee, we had in experts who testified about what drugs do to the human brain. I have a couple of illustrations here. The first one, and I hope this shows up, we talked about Ecstacy and how it is making its presence across the Nation and also among our young people.

This is an interesting image. It is actually of two different brains. This is a brain scan. This is a normal brain. All of this up here is normal brain action. This information again was provided to us by a scientist. The top illustration here, and brain, belongs to an individual who has never used Ecstacy, and we can see how bright these images are. The scans are different scans of the brain from different directions.

The bottom scans here belong to an individual who has used Ecstacy heavily for an extended period but was abstinent from drugs for at least 3 weeks prior to the photographs.

Now, one can see the effect that the drug Ecstacy has had. This is a prolonged effect, again, of what Ecstacy does. Ecstacy is very popular among our young people and we heard a couple of citations here of areas where it is showing up across our country, where we would least expect it.

It says the specific parameter being measured is the brain's ability to bind the chemical neuro transmitter serotonin, and that is what this illustration shows. Serotonin is a substance that is very critical to normal experiences of mood, emotion, pain and a wide variety of other behaviors, but again this shows what damage is done to the brain and to the mind with this illegal narcotic.

I have another scientific chart here. Let me just pull off this information card. This chart shows what methamphetamine does to the brain. This was presented to our subcommittee in a hearing last month. It should be very clear evidence not only that drugs destroy lives but also damage the body and the mind.

□ 2320

This was presented by scientists who completed this study, and the photograph demonstrates the long lasting effects that drugs have on the brain.

The brighter colors in here, this shows a normal brain, and it shows the substance of dopamine, which has a binding capacity. Dopamine function is critical to emotional regulation, and it is involved in the normal experience of pleasure and involved in controlling an individual's motor function.

The scan on this side, the left here, is a nondrug user. The second scan going down here is a chronic methamphetamine abuser who was drug free for 3 years prior to the taking of the image. The third scan, this scan right here, is a chronic meth abuser who was drug free for 3 years prior to the image.

Now, the last brain scan, the very last brain scan here is of an individual newly diagnosed with Parkinson's disease. Parkinson's disease is a disease known to deplete dopamine.

My colleagues can see exactly what is happening to the brain of an individual who uses meth. Meth is one of the biggest problems, and I cited city after city, in the heartland of America and now almost in every community.

This is what methamphetamine does to one's brain. This is scientific evidence. This is not something we made up in our political deliberations. This is scientific evidence, both of these presented to our subcommittee and what these illegal narcotics do to the brains of individuals.

We can talk about treatment, and we can talk about trying to help these people, but once one has destroyed these brain functions through habitual misuse of methamphetamine or ecstacies or other illegal narcotics, this is what we end up. It is a very serious situation.

Unfortunately, drugs have been glorified. Ecstacy is now glorified. Meth is a popular drug. Both of these drugs are primarily used by our young people. We see more and more tragic deaths by our young people and abuse, and not only abuse, but, again, the deadly effects and the long-term effects of these illegal narcotics.

That brings me to the subject of the other drug of plague of the United States, and there is no question about that; that is heroin. Heroin deaths, as I said, in my community are epidemic. We have had the police chief of Plano, Texas, we have had law enforcement, individuals from Police Chiefs Association, the National Narcotics Association all testify about the incredible supply of heroin coming into this country.

Now, the heroin that is coming into the country, too, our testimony has indicated and proven is not of the purity levels of the heroin of the 1970s or the 1980s. This stuff is 60, 70 percent pure. We know exactly where the heroin is coming from, and it is a very deadly heroin. It is coming from South America. As I have said before, if we put this chart up, in 1993, there would be almost no heroin coming from South America.

I am going to talk a little bit about the source of heroin and this heroin. We know, in fact, that the heroin is coming from South America, because it can be traced scientifically. Just like the shots I showed my colleagues of the brain scans, scientifically, we can tell how brains are affected by the chemicals and show exactly what takes place, we can test, and our DEA agents can test, heroin and trace it almost to the field that it came from.

So we know that heroin taken and seized in the United States, we know 75 percent comes from South America. Again, in 1993, the beginning of this administration, almost no heroin came from there. Most of it came from the Southwest Asia and Southeast Asia. And Mexico is now a double-digit heroin producer. It produced a little bit of black tar heroin. Now it is producing much more. This is where heroin is coming from.

Now, again, I tell my colleagues who are listening about what illegal narcotics do from a scientific standpoint. From a personal standpoint, again, I bring out these charts. I have only showed these photographs one other time on the House floor. But, Mr. Speaker, I bring these photographs here again to the floor because there is so much glorification of ecstacy, methamphetamine that is so popular, and heroin, which is on the rampage.

Heroin is now, among our teenagers, and actually since 1993, listen to these statistics, there has been an 875 percent increase in teenage use of heroin. That is this incredible supply that is coming in from South America.

I am holding this up. I am holding this up. This is one of my constituents from Central Florida, a young man in his twenties, and this is how he ended up. This is the shot that was taken by the police that the mother allowed for me to bring here and show to the House of Representatives.

The next photograph that I have of him is just a horrible photograph. I really hate to show this, but I want my colleagues and others to see what illegal narcotics do. Now, this heroin that is coming in, this is what it did to the young person. If anyone thinks that illegal narcotics are glamorous and that the experience of illegal narcotics is something that should be praised and glorified, they should look at the body of this young man. I do not like to hold this up for too long. But I want my colleagues to know what heroin does to the individual.

Heroin is ingested in the body. There is a time, usually within 30 seconds, where the drug hits the nervous system. A warm sensation overcomes the user, and there is euphoria and relaxation as a result. The user begins to feel the effects on the respiratory system breaking down, and the user's breathing becomes labored.

What my colleagues saw in this photograph of this young man from Central Florida is what took place. The respiratory system breaks down, and the breathing becomes very slow. The corresponding drop in body temperature begins, and the heart beat becomes irregular.

If the user is, at this point, conscience, this is the stage where fear grips the individual. Soon the body is demanding more oxygen, and the user's respiratory system cannot accommodate the growing need. Fluid begins to enter the lungs, and this is the beginning of the drowning stage. Sometimes during this phase, blood vessels and capillaries begin to rupture. My colleagues saw the face of a young man who died a horrible death.

This is how thousands and thousands of our young people are dying, some of them silently, some of them we just read in an obituary page.

□ 2330

This is how this young man died. And the photograph, as I said, was released to me by the mother, the photograph taken by the sheriff's department. She wanted the House of Representatives and the American people to see the inglorious effects of heroin and illegal narcotics on her precious son, who she loved so much.

As evidenced by the photograph that I showed here, the blood on the face of the heroin user is the result of blood vessels rupturing. Entering into the final stage, the user is now in great distress and experiences severe pain throughout the thoracic region, much like a heart attack. The user's head is splitting with pain. The amount of fluid in the lungs has increased and the user is now in excruciating pain and begins to drown as his or her lungs fill with fluid. At this time the user becomes unconscious, begins seizures and death is slow but inevitable.

Unfortunately, the picture that I showed here tonight is a picture that is repeated dozens and dozens and dozens of times in central Florida. We have had more than four dozen heroin deaths, and most of them by young people in central Florida. Each of these individuals died a death similar to what I described here, and they ended up in a human tragedy displayed as I showed in this photograph; a horrible

end. And again leaving behind a loved one; this young person that was a son or a daughter, loved by parents, brothers or other family members.

I only showed that photograph of this young man with the permission of the mother and the sheriff's department. This mother is so courageous. And other mothers have banded together in central Florida and they have produced a film with our local sheriff in Orange County, Sheriff Barry, who has done a tremendous job working with the victims' families in producing a tape, and it shows these photographs and others that are much more graphic than I could show on the floor of the House today, about how their young people met their demise through illegal narcotics, and particularly heroin.

So tonight I bring a very clear scientific message about Ecstacy, about methamphetamines, what it does to an individual's brains, and about the effect of heroin and the tragedy. The heroin again that is out there is not the heroin that was of the low purity levels of a decade ago. This is deadly, deadly heroin.

Again, we know where that heroin is coming from. The sad part about all this is that we, in fact, did not have heroin coming in in this quantity some 6 or 7 years ago. Almost all of this is a new phenomena, and some of it can be very directly related to the policies of the Clinton administration, unfortunately.

It is my hope that we can turn that around. Today, I would like to cite a story about where this heroin is coming from. Most of it is grown in Colombia, but I would like to cite a story by Robert Novak, a very talented columnist who writes for The Washington Post, and he wrote this in yesterday's column. He says, ''As critics feared, the peacetime initiative crafted by President Pastrana, and encouraged by the Clinton administration, is a disaster.''

Now, we have to go even further back than this article cites, and we will talk about the Clinton policy of 1993, when this President took over and how we got to all this heroin being produced in Colombia, but Robert Novak cites quite correctly that the current policy, backed by the Clinton administration, is a disaster.

He goes on to cite, and let me quote his story, ''Colombia is the first western hemispheric state falling under the control of guerrillas financed by international drug trade, but it remains a State Department back water. While the United States is committed to the Balkan ethnic wars, Colombia's priority has always been low.''

That is unfortunately true. And I would like to cite some of the history of what has taken place with this administration, and it has been one poor policy compounded by another. I was elected to the Congress and took office in January of 1993. This administration took office and this President in January of 1993 also. From the very beginning bad decisions were made by this President and this administration relating to Colombia, and I would like to cite some of them.

The very first one, and I bring to the floor evidence, and this is the committee on which I serve, The Committee on Government Reform, the ranking minority member at the time, the Republicans were in the minority in 1994, and I also wrote to the then drug czar Lee Brown, who was President Clinton's first drug czar. We wrote to him saying that the policy was wrong, and this is an August 25 letter in response to our request to have a change in United States policy adopted by the Clinton administration relating to sharing information with Colombia, with Peru, and with Bolivia and other countries that involved going after and shooting down, in some cases, illegal narcotics traffickers.

A liberal attorney, who I understand went from the Justice Department over into the Clinton administration's DOD, came up with a ruling that we could not share information. This was the beginning of a bad policy that led to the production of both heroin and cocaine in Colombia in the quantity that we see coming out of there today. In 1994, we knew this was the wrong policy. We asked the other side to change this.

In fact, at the Conference of the Americas we met with President Clinton, and I remember that meeting very well, many Members challenging his policy that Mr. Lake, his adviser, I believe, was aware of. The President said he was not. But we ended up changing our law to change the Clinton policy that did not allow us to provide this information to go after drug traffickers. And here are the letters dating from 1994 on that policy.

What happened with that policy, in fact, was that during the Bush administration the United States shared real-time intelligence with Peru and other countries in an effort to allow them to force down drug-carrying aircraft so that illegal cargoes could be seized. This was primarily done through ground-based radars and surveillance systems.

On May 1, 1994, again to cite the history of this, the Clinton administration stopped this program due to a legal interpretation and, again, lacking this real-time intelligence, the highly effective program was essentially blinded.

□ 2340

It was the beginning of a bad policy in South America that led to this tremendous change in the production of illegal narcotics and the incredible volume of heroin and cocaine coming from Colombia.

Additionally, this mistake by the Clinton administration was compounded and we researched this just to show again the fact that one mistake was compounded by another. In 1996, and the Republicans had taken over the House of Representatives. I might add, from 1993 in January through 1995 when Lee Brown was the director of drug policy, our national drug policy, there was only one real hearing held, and it was less than an hour, on our national drug policy and that was only after a request which I circulated and signed by over 130 colleagues for a review of the administration's policy, but one hearing on this subject during an entire 2-year period as the Clinton administration dismantled the war on drugs.

The further dismantling of the efforts to stop illegal narcotics in South America and in particular in Colombia came repeatedly in 1994 and 1995. In 1995, Republicans took over the House with the gentleman from New York (Mr. GILMAN) from the Committee on International Relations who has chaired the committee since. I have communications requesting back to early 1996 that this administration provide assistance, arms, helicopters, equipment, resources to Colombia because of what we were seeing in the increase in production of heroin and cocaine in that country. Every request, and I have page after page, every letter that we submitted requesting that attention be given to this problem was ignored, in fact blocked by the other side of the aisle and this administration.

I brought with me tonight additional evidence of how we got ourselves into this situation. Having taken over the Congress, the gentleman from Illinois (Mr. HASTERT), who chaired the National Security International Affairs subcommittee, held dozens and dozens of hearings on this subject trying to get the administration to move on what was going to take place and what was taking place in Colombia. Hearing before the National Security Subcommittee, July 9, 1997, International Drug Control Policy, Colombia, the title. Oversight of United States Counternarcotics Assistance to Colombia. Ignored. This one held July 9, 1997, ignored. February 14, 1997, ignored. Colombian Heroin Crisis, June 24, 1998, ignored. Hearing on United States Narcotics Policy Towards Colombia, ignored. Regional Conflict, Colombia's Insurgency and Prospects for a Peaceful Resolution, hearing ignored, August 5, 1998. Here is a markup dealing with the same subjects, March 26, 1998. Anti-drug Effort in the Americas, a Mid-Term Report, hearing conducted again. United States Counternarcotics Policy Towards Colombia March 31st, 1998, another hearing ignored. Hearing before the International Relations Committee, the U.S. Annual Drug Certification where contrary to recommendations of the House of Representatives,

the President decertified Colombia and then almost jokingly certified Mexico as cooperating in the drug war, keeping away from Colombia the resources.

Now, there could not be more evidence of a failed policy and again the source of illegal narcotics than what I have cited here tonight. The response now and the problem is that Colombia is completely out of control.

I brought to the floor tonight a GAO report, General Accounting Office report, Narcotics Threat From Colombia Continues to Grow. How many reports, how many more hearings do we need? And I hear again this comment about the drug war has been a failure. Mr. Speaker, the only thing that has happened with the drug war is that this administration has destroyed the war on drugs.

This is the evidence. In 1993, we see this huge dent in international, this is the source country funding, it went in fact from $660 million down to less than half as a result of the Clinton and Democratic-controlled Congress. Interdiction funding decreased 37 percent. International funding, the part that stops drugs at their source most effectively, decreased 53 percent. You might say, well, what happened to treatment during this period of time? That increased 30 percent. And that was during the time that they had a full majority in the House, the other side, and controlled also the White House.

Actually if you look at this chart, it goes up quite a bit in 1998 and 1999. Most folks are now reporting that Colombia is our third largest aid recipient. Well, that is as a result of this Republican administration of Congress and particularly the leadership of the gentleman from Illinois (Mr. HASTERT) who last year tried to get us back to the 1991 levels in funding.

The interesting thing is that news accounts say that Colombia is the third largest recipient of aid after Israel and after Egypt. The fact is only a few million dollars have even gotten into the pipeline after repeated requests. It is my understanding that they only have two operating Huey helicopters in all of Colombia. Some are on the way that this new Republican majority provided, but still ammunition supplies and most of the $300 million that we funded last year still to this day has not gotten to Colombia. It is interesting that this week, this past week with the situation deteriorating and the situation getting worse, more drugs coming in, more guerilla Marxist activity, more loss of lives, there is more loss of lives in Colombia than there ever was in Kosovo or in that area where we have sent our troops and resources. Some 35,000 people killed, thousands and thousands of police, Supreme Court justices, Members of Congress, elected officials throughout Colombia have been killed. Almost 1 million refugees in Colombia as a result of the narcotics trafficking. In this report that came out that I cited, this report from the GAO says that last year we reported that Colombia was restricted from receiving some narcotics, counternarcotics assistance as a result of the President's decision to decertify Colombia in 1996 and 1997.

And it says, ''This restriction was lifted in 1998,'' but the fact is that money, those supplies, still have not gotten there.

It is interesting that this past week, the administration has said that they were going to reinstitute an information-sharing policy with Colombia. Now that the country has nearly been taken over by guerillas and rebels, now that thousands have been killed, we are going to information-share. That is the latest news this week. Then just within the last few days, the administration has come forward with a new policy towards Colombia. They advocated through the National Drug Czar, Barry McCaffrey, that we appropriate $1 billion in the next 2 years to aid Colombia.

It is incredible that after years of very direct failed policies, years after very direct stopping of assistance, resources, helicopters, any type of aid to combat illegal narcotics, it is incredible that even after this Republican majority in Congress has provided the resources through appropriations and through specific legislative initiatives that this administration still does not have those funds there, that now that we have a full-blown crisis, there are reports now that the crisis in Colombia is so critical that it may destabilize the whole South American region.

□ 2350

Colombia now has insurgents going across the border in many of its neighboring countries and should be of concern in Panama where the United States is getting kicked out and has also been blocked from conducting any further forward operating locations for surveillance in that, from that country or in that area which begin in our former base at Howard Air Force Base. All that was closed down May 1. So here we have Colombia exploding with guerrilla activity, here we have our bases closed, the United States kicked out of Panama and trying to put the pieces to the puzzle back together.

But tonight my major point is that we have an eruption of illegal narcotics across this country with methamphetamine coming through Mexico again because of the failed policy of this Congress and this administration. We have illegal narcotics now in unbelievable quantities coming from Colombia, we have a disastrous situation in Colombia confirmed by the most recent studies and reports that we have received, and by almost every news account, again an incredible disruption of that society and, in fact, that whole part of the western hemisphere.

And all this can be directly linked to United States policy in ignoring hearing after hearing by the new majority in Congress, request after request by the new majority in Congress, legislative initiatives being blocked, money and funds that we sent to this region to deal with this problem diverted, as this report also cites by GAO to Kosovo and to other regions, and now we have again the source, and stop and think of this:

Fourteen thousand deaths, thousands and thousands of heroin deaths. We can trace that heroin, that death, back to the fields in Colombia. Three quarters of the heroin comes from Colombia, three quarters now according again to this report, according to the DEA signature reports. A failed policy of this administration has resulted in that death and destruction; there is no question about it.

I mention the deaths. We have now incarcerated in our prisons across our land more than 1.8 million Americans; 60–70 percent of them I am told in our State prisons and jails are there because of illegal narcotics. Stop and think now, 60–70 percent of those folks that are in our prisons, those drugs came from Colombia. Six–7 years ago there was almost no heroin produced in Colombia. Six–7 years ago there was almost no production of coca in Colombia. We have been able to get aid to Peru and to Bolivia re-started again by the gentleman from Illinois (Mr. HASTERT) who is now Speaker of the House in the past 2 years, and those are very successful programs, 50 and 60 percent reduction. We see less cocaine than we see heroin because we can stop it at its source.

So tonight we have got to learn by the mistakes of the past, we have got to pay attention to the facts and the evidence. We hopefully will not repeat those mistakes, and we will do a better job in stopping drugs at their source.

RECESS

The SPEAKER pro tempore (Mr. VITTER). Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 55 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 0051

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 12 o'clock and 51 minutes a.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2488, THE FINANCIAL FREEDOM ACT OF 1999

Ms. PRYCE of Ohio, from the Committee on Rules, submitted a privileged report (Rept. No. 106–246) on the resolution (H. Res. 256) providing for consideration of the bill (H.R. 2488) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, to provide marriage penalty relief, to reduce taxes on savings and investments, to provide estate and gift tax relief, to provide incentives for education savings and health care, and for other purposes, which was referred to the House Calendar and ordered to be printed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ROGAN (at the request of Mr. ARMEY) for today from 1 p.m. until 4 p.m. on account of personal business.

Mr. STARK (at the request of Mr. GEPHARDT) for today on account of illness.

Mr. ORTIZ (at the request of Mr. GEPHARDT) for today before 2 p.m. on account of medical reasons.

Mr. ENGLISH (at the request of Mr. ARMEY) for today on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCNULTY) to revise and extend their remarks and include extraneous material:

Mr. DEFAZIO, for 5 minutes, today.

Mr. LIPINSKI, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. BROWN of Florida, for 5 minutes, today.

Mr. MALONEY of Connecticut, for 5 minutes, today.

Mr. SHERMAN, for 5 minutes, today.

(The following Members (at the request of Mr. SOUDER) to revise and extend their remarks and include extraneous material:)

Mr. DEMINT, for 5 minutes, today.

Mr. BURTON of Indiana, for 5 minutes, July 27.

Mr. HUNTER, for 5 minutes, today.

Mr. SOUDER, for 5 minutes, today.

Mr. CALVERT, for 5 minutes, today.

Mr. ENGLISH, for 5 minutes, July 21.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. GEORGE MILLER of California today for 5 minutes.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. KINGSTON today for 5 minutes.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. MOORE of Kansas today for 5 minutes.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. DAVIS of Illinois.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. TAYLOR of Mississippi.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 2035. To correct errors in the authorizations of certain programs administered by the National Highway Traffic Safety Administration.

ADJOURNMENT

Ms. PRYCE of Ohio. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 52 minutes a.m.), the House adjourned until today, Wednesday, July 21, 1999, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3116. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Brucellosis in Cattle; State and Area Classifications; Kansas [Docket No. 99–051–1] received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3117. A communication from the President of the United States, transmitting his requests for FY 2000 budget amendments for the Departments of Defense, Health and Human Services, and Justice and for International Assistance Programs, pursuant to 31 U.S.C. 1107; (H. Doc. No. 106—101); to the Committee on Appropriations and ordered to be printed.

3118. A letter from the Assistant General Counsel for Regulations, Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development, transmitting the Department's final rule—Comprehensive Improvement Assistance Program [Docket No. FR–4462–F–02] (RIN: 2577–AB97) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3119. A letter from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Housing, Department of Housing and Urban Development, transmitting the Department's final rule—Single Family Mortgage Insurance; Informed Consumer Choice Disclosure Notice: Technical Correction [Docket No. FR–4411–F–03] (RIN: 2502–AH30) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3120. A letter from the Assistant General Counsel for Regulations, Government National Mortgage Association, Department of Housing and Urban Development, transmitting the Department's final rule—Ginnie Mae MBS Program: Book-Entry Securities [Docket No. FR–4331–F–02] (RIN: 2503–AA12) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3121. A letter from the Assistant General Counsel for Regulations, Department of Housing and Urban Development, transmitting the Department's final rule—Uniform Financial Reporting Standards for HUD Housing Programs; Technical Amendment [Docket No. FR–4321–F–06] (RIN: 2501–AC49) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3122. A letter from the Assistant General Counsel for Regulations, Department of Housing and Urban Development, transmitting the Department's final rule—Disposition of HUD-Acquired Single Family Property; Officer Next Door Sales Program [Docket No. FR–4277–1–02] (RIN: 2502–AH37) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3123. A letter from the Secretary of Education, transmitting Final Regulations—Privacy Act Regulations (RIN: 1880–AA78) received June 9, 1999, pursuant to 20 U.S.C. 1232(f); to the Committee on Education and the Workforce.

3124. A letter from the Assistant General Counsel for Regulations, Special Education and Rehabilitative Services, Department of Education, transmitting the Department's final rule—Notice of Final Funding Priorities for Fiscal Year 1999 for New Awards under the Administrative Technology Act—received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3125. A letter from the Director, Corporate Policy and Research Department, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule—Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits—received July 13, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3126. A letter from the Attorney, National Highway and Traffic Safety Administration, Department of Transportation, transmitting the Department's final rule—Tire Identification and Recordkeeping; Tire Identification Symbols [Docket No. 99–5928] (RIN: 2127–AH10) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3127. A letter from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Mullins and Briarcliffe Acres, South Carolina) [MM Docket No. 97–72 RM–9017] received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3128. A letter from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting the

Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Logan, Utah and Evanston, Wyoming) [MM Docket No. 98–211 RM–9349 RM–9477] received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3129. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting Inservice Inspection Code Case Acceptability, ASME Section XI, Division 1; to the Committee on Commerce.

3130. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting Materials Code Case Acceptability ASME Section III, Division 1; to the Committee on Commerce.

3131. A letter from the Executive Director, Federal Labor Relations Authority, transmitting a report concerning implementation of the Sunshine Act during calendar year 1998, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

3132. A letter from the Administrator, National Aeronautics and Space Administration, transmitting the Semiannual Report of the Inspector General of NASA for the period ending March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3133. A letter from the Director, Administration and Management, Office of the Secretary of Defense, transmitting notification of a vacancy in the Office of the Secretary of Defense; to the Committee on Government Reform.

3134. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Pay Administration (General); Lump-Sum Payments for Annual Leave (RIN: 3206–AF38) received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

3135. A letter from the Director, Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule—Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Huachuca Water Umbel, a Plant (RIN: 1018–AF37) received July 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3136. A letter from the Director, Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule—Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Cactus Ferruginous Pygmy-owl (Glaucidium brasilianum cactorum) (RIN: 1018–AF36) received July 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3137. A letter from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off the West Coast States and in the Western Pacific; Pacific Coast Groundfish Fishery; Trip Limit Adjustments [Docket No. 981231333–8333; I.D. 062999D] received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3138. A letter from the Fisheries Biologist, Office of Protected Resources, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Sea Turtle Conservation; Shrimp Trawling Requirements [Docket No. 950427117–8292–05; I.D. 112398G] (RIN: 0648–AH97) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3139. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Department's final rule—Visas: Passports and Visas Not Required for Certain Nonimmigrants [Public Notice No. 3077] (RIN: 1400–A75) received July 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

3140. A letter from the Administrator, Federal Aviation Administration, transmitting a report of events, programs, and accomplishments in civil aviation security in 1997, pursuant to 49 U.S.C. app. 1356(a); to the Committee on Transportation and Infrastructure.

3141. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Safety Zone: T E L Enterprises Fireworks Display, Great South Bay off Davis Park, N.Y. [CGD01–99–115] (RIN: 2115–AA97) received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3142. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Technical Amendments to USCG Regulations to Update RIN numbers; Correction [CGD01–99–106] (RIN: 2115–AA97) received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3143. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Stemme GmbH & Co. KG Model S10–VT Sailplanes [Docket No. 99–CE–07–AD; Amendment 39–11222; AD 99–15–03] (RIN: 2120–AA64) received July 15, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3144. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt & Whitney JT9D Series Turbofan Engines [Docket No. 92–ANE–23; Amendment 39–11219; AD 99–14–08] (RIN: 2120–AA64) received July 15, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3145. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Rules of Practice, Procedure, and Evidence for Administrative Proceedings of the Coast Guard [USCG–1998–3472] (RIN: 2115–AF59) received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3146. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; The New Piper Aircraft, Inc. Models PA–46–310P and PA–46–350P Airplanes [Docket No. 98–CE–112–AD; Amendment 39–11223; AD 99–15–04] (RIN: 2120–AA64) received July 15, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3147. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Special Local Regulations: Harbour Town Fireworks Display, Calibogue Sound, Hilton Head, SC [CGD07 99–036] (RIN: 2115–AE47) received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3148. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; MT-Propeller Entwicklung GMBH Models MTV–9–B–C and MTV–3–B–C Propellers [Docket No. 99–NE–35–AD; Amendment 39–11216; AD 99–14–06] (RIN: 2120–AA64) received July 15, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3149. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Safety Zone: Staten Island Fireworks, Raritan Bay and Lower New York Bay [CGD01–99–083] (RIN: 2115–AA97) received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3150. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Avon Park, FL [Airspace Docket No. 99–ASO–8] received July 15, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3151. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Adjustment of Fees for Issuing Numbers to Undocumented Vessels in Alaska [USCG 1998–3386] (RIN: 2115–AF62) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3152. A letter from the Secretary of Health and Human Services, transmitting the twenty-second annual report on the Child Support Enforcement Program, pursuant to 42 U.S.C. 652(a)(10); to the Committee on Ways and Means.

3153. A letter from the Chief Counsel, Bureau of the Public Debt, Department of Treasury, transmitting the Department's final rule—Government Securities: Call for Large Position Reports—received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3154. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Removal of Regulations Providing Guidance Under Subpart F Relating to Partnerships and Branches [TD 8827] (RIN: 1545–AW49) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3155. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Examination of Returns and Claims for Refund, Credit, or Abatement; Determination of Correct Tax Liability [Rev. Proc. 99–30] received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3156. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Announcement Requesting Comments on Foreign Contingent Debt [Announcement 99–76] received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. YOUNG of Alaska: Committee on Resources. H.R. 834. A bill to extend the authorization for the National Historic Preservation Fund, and for other purposes; with an amendment (Rept. 106–241). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 1934. A bill to amend the Marine Mammal Protection Act of 1972 to establish the John H. Prescott Marine Mammal Rescue Assistance Grant Program; with an amendment (Rept. 106–242). Referred to the Committee of the Whole House on the State of the Union.

Mr. SENSENBRENNER: Committee on Science. H.R. 1655. A bill to authorize appropriations for fiscal years 2000 and 2001 for the civilian energy and scientific research, development, and demonstration and related commercial application of energy technology programs, projects, and activities of the Department of Energy, and for other purposes; with an amendment (Rept. 106–243). Referred to the Committee of the Whole House on the State of the Union.

Mr. LEWIS of California: Committee on Appropriations. H.R. 2561. A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–244). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Florida: Committee on Appropriations. Report on the Revised Suballocation of Budget Allocations for Fiscal Year 2000 (Rept. 106–245). Referred to the Committee of the Whole House on the State of the Union.

Ms. PRYCE of Ohio: Committee on Rules. House Resolution 256. Resolution providing for consideration of the bill (H.R. 2488) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, to provide marriage penalty relief, to reduce taxes on savings and investments, to provide estate and gift tax relief, to provide incentives for education savings and health care, and for other purposes (Rept. 106–246). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. MCCOLLUM (for himself and Mr. SCOTT):

H.R. 2558. A bill to amend title 18, United States Code, to reform Federal Prison Industries, and for other purposes; to the Committee on the Judiciary.

By Mr. COMBEST (for himself, Mr. EWING, Mr. BARRETT of Nebraska, Mr. BLUNT, Mr. CANADY of Florida, Mr. WHITFIELD, Mr. BEREUTER, Mr. SESSIONS, and Mr. HAYES):

H.R. 2559. A bill to amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes; to the Committee on Agriculture.

By Mr. ISTOOK (for himself, Mr. DICKEY, Mr. FRANKS of New Jersey, Mr. SHOWS, Mr. SOUDER, and Mr. TERRY):

H.R. 2560. A bill to require public schools and libraries that receive Federal funds for the acquisition or operation of computers to install software to protect children from obscenity; to the Committee on Education and the Workforce.

By Mr. LEWIS of California:

H.R. 2561. A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes.

By Mr. CUNNINGHAM (for himself, Mr. BROWN of Ohio, Mr. WELDON of Pennsylvania, Mr. HORN, Mr. SPRATT, Mr. STEARNS, Mr. HOLDEN, Mr. LOBIONDO, Ms. KILPATRICK, Mr. PHELPS, Mr. SHOWS, Mr. ENGLISH, Mr. MCNULTY, Mrs. MORELLA, Mr. DIXON, Mr. FOLEY, Mr. CUMMINGS, Mr. KUYKENDALL, Mr. FALEOMAVAEGA, Mr. CALVERT, Mr. LEWIS of Georgia, Mr. REYES, Mr. RANGEL, Mr. BORSKI, and Mr. SHAYS):

H.R. 2562. A bill to amend title 39, United States Code, to allow postal patrons to contribute to funding for prostate cancer research through the voluntary purchase of certain specially issued United States postage stamps; to the Committee on Government Reform.

By Mr. DAVIS of Virginia (for himself, Mr. WYNN, Mr. HOYER, Mr. MORAN of Virginia, Ms. NORTON, Mr. WOLF, and Mrs. MORELLA):

H.R. 2563. A bill to amend the Woodrow Wilson Memorial Bridge Authority Act of 1995 to provide an authorization of contract authority for fiscal years 2004 through 2007, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HUTCHINSON (for himself, Ms. HOOLEY of Oregon, Mr. BALDACCI, Mr. NORWOOD, Mr. FROST, Mr. SCHAFFER, Mr. SHOWS, Mr. MCHUGH, Mr. PETERSON of Pennsylvania, Mr. BARCIA, Mr. HERGER, Mr. LUCAS of Oklahoma, Mr. DICKEY, Mr. OXLEY, Mr. HAYWORTH, Mr. YOUNG of Alaska, Mr. COOK, Mr. ALLEN, Mr. SNYDER, Mr. SPRATT, Mr. FRANK of Massachusetts, Mr. DELAHUNT, Mr. BLUMENAUER, Mr. DEFAZIO, Mr. KIND, and Mr. LATOURETTE):

H.R. 2564. A bill to provide funds to the National Center for Rural Law Enforcement; to the Committee on the Judiciary.

By Mr. LEACH (for himself, Mr. CALLAHAN, and Mr. METCALF):

H.R. 2565. A bill to clarify the quorum requirement for the Board of Directors of the Export-Import Bank of the United States; to the Committee on Banking and Financial Services.

By Mr. LEACH:

H.R. 2566. A bill to direct the President to renew the membership of the United States in the United Nations Educational, Scientific and Cultural Organization (UNESCO); to the Committee on International Relations.

By Ms. LEE (for herself, Mr. HASTINGS of Florida, Mr. THOMPSON of Mississippi, Mr. FROST, Mr. FILNER, Mr. LEWIS of Georgia, Mr. OBERSTAR, Ms. MILLENDER-MCDONALD, Mr. GEORGE MILLER of California, Mr. MCGOVERN, Mr. JACKSON of Illinois, Mr. OWENS, Ms. JACKSON-LEE of Texas, Ms. WATERS, Ms. CARSON, Ms. KILPATRICK, Ms. MCKINNEY, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JONES of Ohio, and Mr. GREEN of Texas):

H.R. 2567. A bill to recruit, hire, and train additional school-based mental health personnel; to the Committee on Education and the Workforce.

By Mr. MORAN of Kansas (for himself, Mr. THUNE, Mr. BARRETT of Nebraska, Mr. LUCAS of Oklahoma, Mrs. EMERSON, Mr. TALENT, and Mr. WATKINS):

H.R. 2568. A bill to provide partial compensation to farm owners and producers for the loss of markets for the 1999 crop of commodities covered by production flexibility contracts under the Agricultural Market Transition Act; to the Committee on Agriculture, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. PALLONE:

H.R. 2569. A bill to enhance the benefits of the national electric system by encouraging and supporting State programs for renewable energy sources, universal electric service, affordable electric service, and energy conservation and efficiency, and for other purposes; to the Committee on Commerce.

By Mr. REGULA (for himself, Mr. TRAFICANT, Mr. GILLMOR, Mr. BEREUTER, Mr. NEY, Ms. PELOSI, Mr. HOLT, Mr. BARRETT of Nebraska, Mr. KLINK, Mr. SOUDER, Mr. OXLEY, and Mr. EVANS):

H.R. 2570. A bill to require the Secretary of the Interior to undertake a study regarding methods to commemorate the national significance of the United States roadways that comprise the Lincoln Highway, and for other purposes; to the Committee on Resources.

By Mr. SHAYS (for himself, Mr. KANJORSKI, Mr. BARRETT of Wisconsin, Mr. BASS, Mrs. BIGGERT, Mr. BLAGOJEVICH, Mr. BRADY of Pennsylvania, Mr. CAMPBELL, Mr. CASTLE, Mr. COOK, Mr. COX, Mr. COYNE, Mr. CRANE, Mr. ENGLISH, Mr. FRANK of Massachusetts, Mr. FRANKS of New Jersey, Mr. FRELINGHUYSEN, Mr. GEJDENSON, Mr. GEKAS, Mr. GOSS, Mr. HUTCHINSON, Mrs. KELLY, Mr. KOLBE, Mr. LIPINSKI, Mr. LOBIONDO, Mrs. LOWEY, Mr. LUTHER, Mr. MCINTOSH, Mrs. MALONEY of New York, Mr. MEEHAN, Mr. MILLER of Florida, Mr. GEORGE MILLER of California, Mrs. MORELLA, Mr. PALLONE, Mr. PITTS, Mr. PORTER, Mr. PORTMAN, Mrs. ROUKEMA, Mr. ROYCE, Mr. RYAN of Wisconsin, Mr. SALMON, Mr. SANFORD, Mr. SENSENBRENNER, Mr. SMITH of New Jersey, Mr. SUNUNU, Mrs. TAUSCHER, Mr. TOOMEY, Mr. VISCLOSKY, Mr. WAMP, and Mr. WEINER):

H.R. 2571. A bill to provide for a gradual reduction in the loan rate for peanuts, to repeal peanut quotas for the 2002 and subsequent crops, and to require the Secretary of Agriculture to purchase peanuts and peanut products for nutrition programs only at the world market price; to the Committee on Agriculture, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SOUDER (for himself and Mr. WELDON of Florida):

H.R. 2572. A bill to direct the Administrator of NASA to design and present an award to the Apollo astronauts; to the Committee on Science.

By Mr. WAXMAN (for himself, Mrs. MORELLA, and Mr. BONIOR):

H.R. 2573. A bill to amend the Public Health Service Act to establish an Office of Autoimmune Diseases at the National Institutes of Health, and for other purposes; to the Committee on Commerce.

By Mr. MALONEY of Connecticut (for himself, Mr. ROEMER, Mr. DOOLEY of California, Mr. SMITH of Washington, Mr. WEYGAND, Mr. SHERMAN, Ms. HOOLEY of Oregon, Ms. STABENOW, Mr. ETHERIDGE, Mr. GONZALEZ, Mr. MOORE, and Mr. STUPAK):

H.R. 2574. A bill to amend the Internal Revenue Code of 1986 to provide comprehensive tax relief for American families and businesses to encourage family stability, economic growth, and tax simplification; to the Committee on Ways and Means.

By Mr. OWENS:

H.R. 2575. A bill to amend the Internal Revenue Code of 1986 to reduce the rates of income tax imposed on individual taxpayers by 3 percentage points; to the Committee on Ways and Means.

By Mr. BILIRAKIS (for himself, Mrs. MALONEY of New York, Mrs. KELLY, Mr. PALLONE, Mr. ANDREWS, Mr. HORN, Mr. MCGOVERN, Mr. SHOWS, Mr. ACKERMAN, Mr. HINCHEY, Mr. HOLDEN, Mrs. CAPPS, Mr. CAPUANO, Mr. DOYLE, Mr. ENGEL, Mr. GILMAN, Mr. KLINK, Mr. MATSUI, Mr. MENENDEZ, Mr. ENGLISH, Mr. SHERMAN, Mr. TIERNEY, Mr. DEUTSCH, Mr. BARRETT of Wisconsin, Mr. VISCLOSKY, Ms. ROS-LEHTINEN, Mr. GEKAS, Mr. BLUMENAUER, Ms. KAPTUR, Mr. BROWN of Ohio, Mr. CUNNINGHAM, Mr. BONIOR, Mr. PORTER, Mr. DIXON, and Mr. EVANS):

H. Con. Res. 159. Concurrent resolution urging the compliance by Turkey with United Nations Resolutions relating to Cyprus; to the Committee on International Relations.

By Mr. EHLERS (for himself, Mr. BILBRAY, Mrs. KELLY, Mr. CAMP, and Mr. LOBIONDO):

H. Con. Res. 160. Concurrent resolution providing a sense of the Congress regarding the reduction of the national debt of the United States held by the public; to the Committee on Ways and Means.

By Mr. HASTINGS of Florida (for himself, Mr. HOYER, Mr. SAWYER, Mr. SALMON, Ms. KAPTUR, Mr. CARDIN, Mr. SABO, and Ms. DANNER):

H. Con. Res. 161. Concurrent resolution expressing the sense of the Congress with regard to the St. Petersburg Declaration of the Organization for Security and Cooperation in Europe Parliamentary Assembly; to the Committee on International Relations.

MEMORIALS

Under clause 3 of rule XII,

160. The SPEAKER presented a memorial of the Senate of the State of Illinois, relative to Senate Resolution No. 133 memorializing Governor George Ryan to immediately engage the Administrator of the United States Environmental Protection Agency to meet and resolve the technical challenges of using ethanol in Phase II RFG; to the Committee on Commerce.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 72: Mr. TANCREDO.

H.R. 123: Mr. DUNCAN.

H.R. 212: Mr. SMITH of Michigan and Mr. BILBRAY.

H.R. 218: Mr. MCINTYRE and Mr. MICA.

H.R. 306: Mr. PICKETT.

H.R. 354: Mr. CONYERS and Mr. PETERSON of Minnesota.

H.R. 371: Ms. MILLENDER-MCDONALD.

H.R. 405: Mr. SPENCE, Mr. NEY, Mr. WELLER, and Mr. DEUTSCH.

H.R. 418: Mr. FROST.

H.R. 456: Mr. RODRIGUEZ.

H.R. 488: Mr. LANTOS and Mr. ALLEN.

H.R. 534: Mr. BATEMAN and Mr. PICKETT.

H.R. 599: Mr. UNDERWOOD and Mr. BORSKI.

H.R. 601: Mr. PETERSON of Minnesota.

H.R. 648: Mr. PETERSON of Minnesota, Mr. HALL of Texas, and Mr. QUINN.

H.R. 664: Mr. HILLIARD, Mr. DOGGETT, and Mr. BONIOR.

H.R. 670: Ms. MCKINNEY.

H.R. 750: Ms. BALDWIN.

H.R. 765: Mr. WATTS of Oklahoma, Mr. FORD, Mr. STRICKLAND, and Mr. PASCRELL.

H.R. 786: Mr. GALLEGLY.

H.R. 797: Mr. BEREUTER, Ms. DELAURO, Mr. MATSUI, Mr. GEJDENSON, Mr. CAPUANO, Mr. OLVER, Ms. CARSON, Mr. NEAL of Massachusetts, Mr. MEEHAN, Mr. MALONEY of Connecticut, and Mrs. NORTHUP.

H.R. 803: Mrs. EMERSON and Mr. CALVERT.

H.R. 845: Mr. OWENS.

H.R. 850: Mr. MENENDEZ.

H.R. 859: Mr. NUSSLE.

H.R. 860: Ms. CARSON.

H.R. 901: Mr. DAVIS of Illinois.

H.R. 1080: Mr. ROTHMAN.

H.R. 1095: Mr. MALONEY of Connecticut, Mr. HILLIARD, and Mr. FARR of California.

H.R. 1102: Mr. BORSKI, Ms. BALDWIN, and Mr. HASTINGS of Washington.

H.R. 1130: Mrs. MALONEY of New York and Mr. COYNE.

H.R. 1140: Mr. MATSUI.

H.R. 1193: Mr. GILCHREST, Mr. GREEN of Texas, and Mr. WU.

H.R. 1217: Mr. REYES and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 1228: Mrs. THURMAN, Mr. DAVIS of Illinois, Mr. GILMAN, Ms. WOOLSEY, and Mrs. MCCARTHY of New York.

H.R. 1229: Mr. KUCINICH.

H.R. 1276: Mr. THOMPSON of Mississippi.

H.R. 1283: Mr. PORTER, Mr. BACHUS, Mr. POMBO, and Mr. THORNBERRY.

H.R. 1320: Mr. MOORE.

H.R. 1344: Mr. WATKINS.

H.R. 1433: Ms. ROS-LEHTINEN, Mr. DEUTSCH, and Mr. GONZALEZ.

H.R. 1497: Mr. POMEROY.

H.R. 1507: Ms. MILLENDER-MCDONALD.

H.R. 1511: Mr. MCINTYRE.

H.R. 1559: Mr. MCINNIS, Mrs. NAPOLITANO, Mr. FILNER, Mr. GIBBONS, and Mr. COOK.

H.R. 1578: Mr. BUYER.

H.R. 1590: Mr. LANTOS.

H.R. 1592: Mr. GREENWOOD and Mr. GILLMOR.

H.R. 1598: Mr. CASTLE, Mr. BAKER, Mr. NORWOOD, Mr. BLAGOJEVICH, and Mr. SANDLIN.

H.R. 1620: Mr. FLETCHER and Mr. BARRETT of Nebraska.

H.R. 1621: Mr. PHELPS, Mr. MURTHA, Mr. NADLER, Mr. TRAFICANT, Mr. REGULA, Mr. KLINK, Mr. BOSWELL, Mr. LATHAM, Ms. STABENOW, and Mr. SHOWS.

H.R. 1629: Mr. GORDON.

H.R. 1676: Mr. DAVIS of Illinois.

H.R. 1736: Mr. MCDERMOTT.

H.R. 1777: Mr. CAPUANO and Ms. DELAURO.

H.R. 1795: Mr. PETERSON of Pennsylvania, Mr. MCINTYRE, Mr. SHAYS, and Mr. CLAY.

H.R. 1798: Mr. HOYER.

H.R. 1804: Mr. CAPUANO.

H.R. 1816: Ms. MILLENDER-MCDONALD and Mr. HINCHEY.

H.R. 1839: Mrs. CHRISTENSEN and Mr. DUNCAN.

H.R. 1850: Mr. GEJDENSON.

H.R. 1857: Mr. GORDON and Mr. CLEMENT.

H.R. 1861: Mr. PASTOR.

H.R. 1907: Mrs. NAPOLITANO, Mrs. MEEK of Florida, Mr. PETRI, Mr. NORWOOD, Mr. BALLENGER, and Mrs. JOHNSON of Connecticut.

H.R. 1932: Mr. TANCREDO and Mr. FARR of California.

H.R. 1954: Mr. BARTON of Texas.

H.R. 1983: Mr. HINCHEY.

H.R. 2120: Mr. KIND, Mr. HOEFFEL, Mr. KENNEDY of Rhode Island, Mr. PICKETT, Mr. CALVERT, and Mr. GREEN of Texas.

H.R. 2189: Mr. CUNNINGHAM and Mr. ROHRABACHER.

H.R. 2202: Mr. PICKETT, Mr. HINCHEY, Mr. BLUMENAUER, and Mr. LANTOS.

H.R. 2236: Mr. HINCHEY.

H.R. 2241: Mr. WELLER, Mr. WATKINS, Mr. GOODE, Mr. DEUTSCH, Mr. HINCHEY, and Mr. MINGE.

H.R. 2247: Mr. CALVERT.

H.R. 2319: Mr. GILMAN.

H.R. 2377: Ms. SCHAKOWSKY.

H.R. 2384: Mr. LAHOOD, MS. ESHOO, Mr. GREEN of Texas, Mr. SAWYER, Mr. WYNN, and Ms. MCCARTHY of Missouri.

H.R. 2386: Mr. HINCHEY and Mrs. CHRISTENSEN.

H.R. 2417: Mr. UDALL of Colorado.

H.R. 2420: Mr. HILLIARD, Mr. HASTINGS of Florida, and Mr. GREEN of Texas.

H.R. 2436: Mr. TIAHRT and Mr. HYDE.

H.R. 2444: Mr. BLAGOJEVICH.

H.R. 2453: Mr. HOEKSTRA.

H.R. 2457: Mr. WAXMAN and Mr. FRANK of Massachusetts.

H.R. 2499: Mr. DELAHUNT and Mr. VENTO.

H.R. 2511: Mr. NETHERCUTT, Mr. BEREUTER, Mr. RAHALL, and Mr. BARRETT of Nebraska.

H.R. 2515: Mr. HOLDEN, Mr. GUTIERREZ, Mr. GREEN of Texas, and Mr. WAXMAN.

H.R. 2529: Mr. KUYKENDALL, Mr. FLETCHER, Mr. BALLENGER, and Mr. SHOWS.

H.R. 2538: Mr. MCINTYRE, Mr. BERRY, Mr. SMITH of New Jersey, and Mr. BARRETT of Wisconsin.

H.J. Res. 55: Mr. HINCHEY.

H.J. Res. 59: Ms. DANNER.

H. Con. Res. 58: Mr. HOBSON.

H. Con. Res. 80: Mr. ENGLISH, Mr. BLUMENAUER, Mr. WAXMAN, Mr. LANTOS, and Mrs. JONES of Ohio.

H. Con. Res. 100: Mr. BLUMENAUER, Mr. BAIRD, Mr. LANTOS, Mrs. JONES of Ohio, and Ms. RIVERS.

H. Con. Res. 130: Mr. LUTHER.

H. Con. Res. 134: Mr. ROMERO-BARCELO

H. Con. Res. 136: Mr. OBERSTAR, Mr. MR. DEFAZIO, Mr. PICKETT, and Mr. COSTELLO.

H. Con. Res. 139: Ms. HOOLEY of Oregon, Mr. KUCINICH, Mrs. CAPPS, Mr. MCINTOSH, Mr. DICKS, Mr. LANTOS, and Mrs. JOHNSON of Connecticut.

H. Con. Res. 154: Mr. FROST.

H. Con. Res. 158: Mr. HOYER.

H. Res. 37: Ms. RIVERS and Ms. STABENOW.

H. Res. 107: Mr. BERMAN and Ms. CARSON.

PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

38. The SPEAKER presented a petition of the Municipal Council of the Township of Woodbridge, relative to a Resolution petitioning support for Senate Bill S–512 and House of Representatives Bill H.R.-274; to the Committee on Commerce.

EXTENSIONS OF REMARKS

ARTICLE ON TURKEY'S INVASION OF REPUBLIC OF CYPRUS

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. DUNCAN. Mr. Speaker, Harry Moskos, the Editor of the Knoxville News-Sentinel and a very good friend of mine, wrote an editorial today about the 25th anniversary of Turkey's invasion of the Republic of Cyprus.

Mr. Speaker, today, in fact, marks the 25th anniversary of this tragic date for people of Hellenic descent all over the world. On July 20, 1974, Turkey, a member of NATO, attacked the Mediterranean island.

Just recently, as we are all well aware, a Country was being ethnically cleansed, and the U.S. and other NATO powers rushed in to help them. That Country, Kosovo, was the object of several thousand NATO bombs. President Clinton authorized the air strikes in large part due to the ethnic cleansing that was taking place there.

Mr. Speaker, what about the ethnic cleansing that took place in 1974 in Cyprus? Why did the United States and other countries sit back while Turkey, a member of NATO, committed atrocities in the northern portion of Cyprus? Why has the United States of America turned a blind eye to what Turkey has been doing over the years? These are questions that deserve to be answered so that Greek people throughout the world know this Country really supports them.

Mr. Speaker, I have included a copy of the editorial that appears in today's edition of the Knoxville News-Sentinel and would like to call it to the attention of my colleagues and other readers of the RECORD.

[From the Knoxville News-Sentinel, July 20, 1999]

25 YEARS OF OCCUPATION: U.S. SHOULD END ITS TOLERANCE FOR TURKEY'S ILLEGAL HOLD ON CYPRUS

Today marks the 25th anniversary of Turkey's invasion of the Republic of Cyprus. Since then, Turkey has illegally occupied the northern third of the island nation, roughly the size of Connecticut, despite United Nations Security Council resolutions calling for a return to a single sovereignty.

This anniversary is particularly poignant because, as U.S. Sen. Joseph Biden Jr. of Delaware observes, it has been ''an entire quarter-century since the Greek inhabitants of northern Cyprus were ethnically cleansed from their homes by the Turkish army.''

The attack by the Turkish army on July 20, 1974, was a clear-cut case of international aggression by one state against another, and tragically, it was committed by a NATO member.

That is the same NATO that is undertaking missions to reverse ethnic cleansing in Kosovo but allows one of its members to continue to commit this crime with impunity.

The framework for a negotiated settlement to resolve the Cyprus issue, including demilitarization of the island, can be found in two resolutions adopted last December by the United Nations Security Council. The resolutions seek a settlement based on a single sovereignty and a single citizenship, with Cyprus' independence and territorial integrity safeguarded.

While images of ethnic cleansing remained vivid in our thoughts from witnessing the recent atrocities of Kosovo, most Americans have long forgotten that 200,000 Greek Cypriots were evicted from their homes by the Turkish army during July and August of 1974.

These atrocities, documented by the European Commission of Human Rights, show that 1,618 people, including four Americans, disappeared. To this date, their fate has not been ascertained. Thousands were expelled from their homes, and untold women fell victim to rape.

Sound familiar? The sad difference is that the world community practices selected intolerance when addressing wrongs. NATO's actions in Kosovo centered on the premise of respect for human rights, including the return of refugees to their homes.

Cyprus today remains forcibly divided. Although compromises have been offered, Turkey has failed to respond and, in effect, keeps moving the goal posts when efforts to end this stalemate are proposed.

The Cyprus problem is one of aggression caused by Turkey, which now has a standing army in Cyprus that exceeds 35,000 troops armed with hundreds of tanks and other sophisticated weapons supported by American dollars. The United Nations has characterized the Turkish-occupied area of Cyprus as one of the most densely militarized zones in the world.

More stability is needed in the world today. A major way to help achieve the stability is to resolve the issue in Cyprus, an island nation well on its way to becoming a full member of the European Union.

Serb forces, under international pressure, have left Kosovo, and an international force is there to safeguard the return of the refugees. No less should be done for Cyprus. Turkish occupation troops should be withdrawn, the National Guard disbanded and an international force established to assure compliance.

In Kosovo, NATO took military action to challenge aggression. In Cyprus, it has looked the other way. Turkey, as a member of NATO and a European Union aspirant, must be held to the highest standards of compliance with international law.

This is not a call for military action to reverse Turkey's hold on Cyprus. It is a call for the United States to end its toleration of Turkey's illegal behavior.

The tragedy of just observing this 25th anniversary should be reason enough to spark the United States to get involved decisively to resolve the problem of Cyprus through forceful negotiation.

PERSONAL EXPLANATION

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. ANDREWS. Mr. Speaker, on rollcall No. 309, due to travel restrictions, I was unavoidably detained and unable to cast my vote. Had I been present, I would have voted "aye."

HONORING EARL C. SPOHR

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to use this time to congratulate Earl C. Spohr for his "exemplary efforts in promoting and advertising the services of the Senior Health Insurance Program (SHIP). He has been selected as HCFA's Volunteer of the year and will attend a Banquet and awards ceremony in Miami Beach, Florida, where he will be honored. Earl responded modestly to the invitation saying, "It came as a pleasant surprise."

It is very important that we educate our elderly about Medicare and the services that it provides. Many seniors go without care that they are entitled to because they are unaware of their benefits. It makes me very proud that one of my constituents took it upon himself to educate seniors about medicare.

QUEENS THEATRE WILL PRESENT THE THIRD LATINO ARTS FESTIVAL

HON. JOSEPH CROWLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. CROWLEY. Mr. Speaker, this summer Queens Theatre in the Park will present the 3rd Latino Arts Festival to celebrate the contributions of Latino and Latin American artists to the cultural life of Queens and the greater New York metropolitan area. The Festival features a combination of large and small music, theatre, film, dance, children's productions, and visual art exhibitions. Since its modest beginning as a cabaret series with one headliner, the Festival has quickly grown to be one of the major cultural attractions for Latinos in the Northeast.

Latinos represent the fastest growing segment of the population in Queens. In response to this changing demographic, the Theatre has made a strong commitment to involving the Latino community in its programs and services. The Festival targets its audience during

the summer months when Latinos make up 96% of the 3 million people using Flushing Meadows Corona Park.

During its first 2 years, the Festival's audience nearly tripled. This summer, the Theatre expects to increase this number to at least 10,000 with a goal of 15,000.

Mr. Speaker, I wish Queens Theatre in the Park and the 1999 Latino Arts Festival the best of luck. I urge anybody in the New York metropolitan area these next couple of weeks to get out to Queens and experience this celebration of Latino culture.

PERSONAL EXPLANATION

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. ORTIZ. Mr. Speaker, due to a medical evaluation last Friday July 16, 1999, I was not present for rollcall vote 307. If I had been present for this vote, I would have voted "no".

A TRIBUTE TO NEIL ARMSTRONG

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. PORTMAN. Mr. Speaker, I am pleased today to rise in tribute to my good friend, neighbor and constituent—Neil Armstrong.

Thirty years ago today, our nation, and the entire world, watched in awe as Neil Armstrong—a thirty-eight year-old Ohionan—became the first person to set foot on the moon. He forever etched the words, "That's one small step for man, one giant leap for mankind," into our national consciousness. And, as so many authors, journalists and historians have noted, he put his name alongside Charles Lindbergh and the Wright Brothers as the great explorers of the 20th Century.

Neil Armstrong's many accomplishments are too lengthy to adequately list here. He flew 78 combat missions as a fighter pilot in Korea, and later went on to become a highly respected test pilot. In addition to his historic role as commander of Apollo 11 in 1969, he also commanded Gemini 8 in 1966—and later served as NASA's deputy associate administrator for aeronautics from 1970–71.

Over the years, Neil Armstrong has chosen to look beyond the temptation to exploit his accomplishments for personal gain. His disinterest in the limelight and in self-promotion hides a remarkable level of civic involvement. From 1971 to 1979, he served as a professor of aeronautical engineering at the University of Cincinnati—where he not only conducted research projects, but also got into the classroom and inspired hundreds of students during this tenure.

He also worked with another famous Cincinnatian—Dr. Henry Heimlich—to develop a miniature "heart-lung" machine—a forerunner of a modern "Micro Trach" machine that is used to deliver oxygen to patients.

Neil is a strong believer in giving back to the community. Among the many group with which he has been involved, he served as a member of the board of the Cincinnati Museum of Natural History. He wasn't just an ordinary member—he served as board chairman—rolling up his sleeves and making many of the important decisions that have allowed that institution to experience a renaissance in its new home at Union Terminal. He has also served as a director of the Cinergy Corporation and Cincinnati Milacron, Inc.

Neil also owns a small farm in Warren County and has been an active and involved citizen of that area. From the time he first moved to the area, he took on the life of an unassuming local farmer and proud father—getting involved in auctions at the annual Warren County fair to support local 4-H programs; participating in the local Boy Scout troops; and helping to coach the high school football team. And he has continued to give back to the Warren County community as well—for example, by working with other community leaders to build the countryside YMCA in Lebanon.

Neil Armstrong continues to handle his celebrity with his quiet, unassuming manner. Today, on the thirtieth anniversary of his historic accomplishment, he not only provides our nation with a hero for the ages, but a powerful model of humility and dignity.

RECOGNIZING THE SERVICES OF FIRE CHIEF J.D. KNOX

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to take this time to recognize the unparalleled service of Springfield Fire Chief J.D. Knox. The Springfield Firefighter's Union this year nominated Knox, who won the state honor last month and is running for the National Veterans of Foreign Wars "Firefighter of the Year." When he responded to the nomination he said, "I was shocked. I thought it was a joke." Two years ago when Knox became chief he had big ideas. He was determined to do things that had never been done.

Knox is currently lobbying for Fire Department controlled ambulance service. Implementing such a program would save money and increase response time according to Knox. I would like to thank Knox for is dedication and open-mindedness that has made the Springfield Fire Department a world class organization.

PERSONAL EXPLANATION

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. ANDREWS. Mr. Speaker, on rollcall No. 310, due to travel restrictions, I was unavoidably detained and unable to cast my vote. Had I been present, I would have voted "aye."

TRIBUTE TO THE MEMBERS OF THE ROSEWOOD (FLORIDA) SURVIVORS FAMILY

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mrs. MEEK of Florida. Mr. Speaker, I rise to pay tribute to the proud heirs of the Rosewood (Florida) Survivors Family. On July 22 through July 29, 1999 the descendants will gather together for their first historic reunion in Miami-Dade County. I am extremely delighted that they are celebrating this historic occasion in our community. The John Wesley Bradley-Ruth Lee Davis Chapter of the Rosewood Survivors will host this gathering.

Some 76 years ago as the glow of a New Year ushered in 1923, the early mists of dawn enveloped the town of Rosewood, promising a beautiful, cold morning over what was then a thriving Black community, just off Florida's West Coast. Little did those proud residents know when the serenity of their little town was soon transformed into a cataclysmic scene of terror perpetrated by hordes of angry vigilantes who literally torched every home, killing every Black resident in sight.

This killing rampage was perpetrated for seven harrowing days and reduced Rosewood into a smoldering pit of ashes—all because of the allegation that one married White woman, Fanny Taylor, sought to conceal her indiscretions by accusing a Black man of assaulting her. This happened at a time when the Jim Crow mentality possessed many of the men from the nearby Florida town of Sumner and its environs. Obsessed by an ambience of revenge and utmost brutality, the vigilantes transformed Rosewood into a virtual killing field. There were reports among survivors that a mass grave was hastily dug for the victims.

This episode was literally consigned to the dustbins of the past, and soon became Florida's dark and well-kept secret. In fact, Rosewood was virtually wiped off the map of Florida at the time. Many years would pass hence before the story of the Rosewood massacre was unfolded. It was not until 1992–1995 when the Florida Legislature, under the leadership of State Representatives Al Lawson and Miguel de Grandy, along with then-State Representative Kendrick Meek, resurrected the Rosewood massacre by recognizing this part of the state's ignominious past and thereby authorized its historical imprimatur. The testimony culled from the courage and resilience of two of the survivors provided the compelling evidence that would bring to light this particular shame in Florida's history.

Spurred by this legislative action, the Rosewood massacre was subsequently brought to our national consciousness through its airing on CBS' "60-Minutes." To add insult to this tragedy, however, those who unleashed the destruction of Rosewood and the murder of its Black residents were never charged. In 1993 the hearings on Rosewood concluded that the persons responsible for this tragedy were never apprehended. It lamely declared that the perpetrators were probably dead. Subsequently, the Florida Legislature approved a mere pittance to compensate the Rosewood survivors.

Mr. Speaker, I want you to know that the horrible feelings of disenfranchisement suffered by the survivors and their families throughout these 70-plus years continue to this very day to sear their memories. On the other hand, I am also cognizant of the depth of their genuine faith that gives them their renewed strength and hope.

I rest assured that this Rosewood Survivors Family Reunion will once again buttress the foundation upon which the members and their descendants will pass along and recount their collective experiences, following the spirit of that revered African Ashanti adage: ''* * * until the lions get their own historian, the story of the hunt will always glorify the hunter.''

Despite overwhelming odds, they have truly dared to pull themselves up together again, much more determined to be stronger than ever before. They will remind themselves of their unique role in keeping alive the legacy of Florida's shameful past in hopes that, through their courage and vigilance, the specter of the Rosewood massacre will never happen again.

BELARUS DESERVES BETTER

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. GEJDENSON. Mr. Speaker, I rise today to speak about the situation in Belarus—a country in which I have a great deal of personal interest and which I believe has a great deal of unrealized potential. My father was born and raised in Parafanyvo, Belarus when it was ruled by Poland before the Nazis invaded. He and his brother narrowly escaped the Nazi troops who massacred the rest of their family. They were hidden by two very brave families, and my father was later able to escape and eventually come to the United States.

Given this personal history, I have a great deal of admiration for the people of Belarus. Sadly, they have experienced a great deal of suffering over the years—as the victims of the Nazis, of Stalin, and of the Chernobyl disaster. I visited Belarus several weeks ago and it is clear to see that the people of Belarus are still getting a bad deal—again at the hands of their leadership.

Under the legitimate constitution of Belarus, President Aleksandr Lukashenka's term is scheduled to expire today. But regrettably, Lukashenka is not going anywhere. When dawn breaks in Minsk tomorrow, Lukashenka will be waking up at the Presidential residence.

For the last several years, Lukashenka has been wreaking havoc on his country, but tomorrow, he officially becomes Belarus' illegitimate president. In the fall of 1996, Lukashenka used bogus tactics to impose a new constitution on Belarus, to abolish the existing parliament and replace it with a rubber-stamp legislature, and to give himself an extra couple of years in office.

Lukashenka is dangerous. Among other things, he has expressed admiration for both Hitler and Stalin. He has refused to acknowledge Stalin's crimes, even rejecting forensic evidence that thousands of doctors, professors, and other professionals were murdered by Stalin's forces at Kuropaty just outside of Minsk.

Lukashenka has created a climate of fear in Belarus. He has targeted the opposition, nongovernmental organizations, young people, and the press. Opposition figures have disappeared; independent newspapers are fighting for survival; and young people have reportedly been coerced to move to areas contaminated by the Chernobyl disaster.

Lukashenka has larger political ambitions. His rhetoric plays well with the most retrograde regions of Russia—the so called 'Red Belt.'' He has been enthusiastically pushing for a union between Russia and Belarus. Such a union has been under discussion since 1996, but in recent weeks, the Russians too—for their own political purposes—seem to be pushing harder. Lukashenka was quoted earlier this month as suggesting that President Yeltsin could serve as president of the new union, and likely planning on an early Yeltsin departure from the scene—Lukashenka offered to serve as its Vice President.

Lukashenka is pushing his country deeper and deeper into an economic abyss. Prices remain under state control, and there has been no privatization to speak of. The average monthly wage is somewhere around $30 a month, and many people rely on subsistence farming in a backyard plot to feed their families.

The people of Belarus deserve better. Belarus suffered greatly during the Second World War. The war's legacy in Belarus was that it left a passive people—afraid to speak out for fear that they'd get a bullet in the back of the head. Years of Communist rule only exacerbated these feelings. During my visit, several villagers told me: ''we are only 'malenki'—small people''—unable to affect the political process.

But Belarus is also home to many courageous people. For me personally, the most courageous are the women I met on my visit who at great risk to their own lives, hid my father and his brother from the Nazis in their home and in their barn.

Regrettably, Lukashenka is not going to go away tomorrrow—as he should. But perhaps he is beginning to realize that he cannot continue on the present course.

There is a report out of Minsk that the OSCE special mission headed by Adrian Severin has announced that Lukashenka has agreed to hold free parliamentary elections in 2000 and enter a dialogue with the opposition. Let us hope that Lukashenka makes good on that promise.

In any case, the West should do what it can to support the people in Belarus who are willing to speak out and to help them plan for—and perhaps even hasten—the post-Lukashenka days. The West should:

Bolster the opposition by continuing to meet with the legitimately elected parliament. The U.S. is right to refuse to meet with the Lukashenka appointed rubber stamp parliament.

Provide more funding for those who are trying to battle passivity and fear. A small but vibrant NGO community in Belarus, with support from a handful of Western assistance organizations, is working to make citizens feel they can take control over issues that affect their own lives—like housing or the health of their children. Personal empowerment can lead to political empowerment.

Make clear that the future of both Belarus and Russia can be with the West. For Belarus, it is not a choice of Russia or the West. Offering a false choice pushes Belarus and Russia towards each other to our exclusion.

Continue to support private enterprise and democratic change in Russia itself. The more firmly these elements are rooted in Russia, the less likely it is that constituencies in Russia will be attracted to Lukashenka's brand of retrograde politics.

Continue to insist—as the Clinton Administration has been doing—that any integration between former Soviet states must reflect the voluntary will of the people expressed through the democratic process, must be mutually beneficial, and must not erect barriers to integration with the wider community of nations. As the Administration has rightly pointed out, since a democratic process does not now exist in Belarus, that calls into question the legitimacy of efforts to create a genuine Russian-Belarusian Union.

Weave a web of contacts with the West. Fund and encourage travel by Belarusians not only to the United States but to neighboring countries. The more they see of Lithuania and Poland, the more they see what Belarus can be.

Support increased information flow into Belarus—including efforts by the Lithuanians and others to conduct radio broadcasts into Belarus.

In the end, Belarusians' fate is in their own hands. But even as Lukashenka clings to power, their is far more that the West can and should do to help tip the balance towards Belarus joining the democratic community of nations.

HONORING DR. GEORGE PAULIKAS

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. KUYKENDALL. Mr. Speaker, on July 18, 1999, Dr. George Paulikas celebrated 50 years in the United States, during which he and his brothers have made significant contributions to their adopted homeland. The Paulikas family arrived as Lithuanian refugees in Boston Harbor on July 18, 1949, having escaped the atrocities of Josef Stalin and Adolf Hitler. George's brother Arvyd has worked for 34 years as a physicist at Argonne National Laboratories. His youngest brother Ray served in the United States Air Force and then continued his career at Lockheed-Sanders.

I honor George Paulikas today for his service to the United States. He retired in 1998 as Executive Vice President of the Aerospace Corporation, a career which spanned 37 years, and which has garnered him with numerous awards and commendations. He is the recipient of the National Reconnaissance Office Gold Medal, was named a General James Doolittle Fellow, served on the Air Force Scientific Advisory Board, was given the Aerospace Trustees Distinguished Achievement

Award. He continues to serve as a Trustee of the Los Angeles Science Center and he sits on the Los Angeles Area Boy Scouts Council. He is the author of ''Thirteen Years: 1936–1949'', a book describing his family's journeys through war-torn Europe in their search for stability and freedom from the ravages of despotism and war. Our country has been enriched by George Paulikas' service to the United States of America, and we celebrate with him on this 50th anniversary of his family's passage to freedom.

A TRIBUTE TO MARILYN BEYES

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to take this time to commend Marilyn Beyes of Smithboro, Illinois for her unparalleled volunteer activity in the community. She travels 18 miles almost every day to work as a volunteer at a number of community establishments. Marilyn may be seen laying ten-pound bricks in the Fayette County Museum Garden or organizing an art show with over 250 entries and 350 people in attendance.

When asked about why she puts in such long hours as a volunteer she said, ''I see a need, and I want to lead this community with something good.'' When Vandalia Mayor Sandra Leidner was asked about Marilyn she said, ''She's the epitome of volunteerism. I think she sets a fine example for others.'' It is great to see such determination and willingness to lend a hand to the community. Marilyn is a perfect example of not only a community volunteer but also a community leader.

PERSONAL EXPLANATION

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. ANDREWS. Mr. Speaker, on rollcall No. 308, due to travel restrictions, I was unavoidably detained and unable to cast my vote. Had I been present, I would have voted ''aye.''

OPEN LETTER FROM COUNCIL OF KHALISTAN CALLS ON SIKHS TO STOP SUPPORTING INDIAN TYRANNY

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. TOWNS. Mr. Speaker, the conflict in Kashmir has been in the news a lot lately. The conflict stemmed from an attack on the Kashmiri freedom fighters in Kargil. While it looks as if the conflict may be receding, there is still fighting. The Sikhs in Punjab are afraid that it will spread to Punjab, Khalistan. The fighting will continue as long as India uses force to suppress the freedom movements of South Asia.

While the fighting was at its height, the Council of Khalistan, which leads the Sikh freedom struggle, issued an open letter on the situation. The letter told Sikh troops that if they died for India, they would die as mercenaries, but if they died for Sikh freedom, they would die as martyrs. It urged them to go home and join the struggle to liberate Khalistan.

In the letter, the Council of Khalistan pointed out that an Indian colonel said that the troops were ''dying like dogs'' and that 60 percent of the soldiers killed were Sikhs. This is typical of India's strategy to keep the minority nations of South Asia within their artificial borders. They send draftees from one minority to kill another. They don't put Hindu lives at risk. ''Are you willing to die for a country that practices a policy of mass cremations against our Sikh brothers and sisters, a policy the Indian Supreme Court called, 'worse than a genocide'?,'' said the letter.

It is essential that we help bring real peace to South Asia. Both India and Pakistan have nuclear weapons, and we must do what we can to prevent these weapons from being used. So far, American involvement in the situation has been mainly to lean on Pakistan to bring an end to the conflict. But it is only India that can end the conflict. Only when India stops its efforts to repress the freedom movements can the conflict in South Asia end.

India is anti-American and has tried to organize a security alliance against the United States, and in May the Foreign Minister organized and led a meeting with Cuba, China, Russia, Serbia, Iraq, and Libya ''to stop the U.S.'' Amnesty International reported that thousands of political prisoners remain in illegal detention without charge or trial. Some have been there for 15 years. India has murdered over 250,000 Sikhs since 1984 in its quest for ''Hindutva.'' It has also killed tens of thousands of Christians in Nagaland, Muslims in Kashmir, Dalits, and other peoples in this pursuit. Sooner or later, India is doomed to break up. I only hope that it does so peacefully. We must not allow another Yugoslavia to emerge in South Asia, where nuclear weapons are present.

Mr. Speaker, the time has come for our country to support freedom for all the people of South Asia. If India cannot learn to respect basic human rights as we do in this country, then it should not receive any aid or trade from the United States. It is time for the Congress to put itself on record in support of the freedom movements in Khalistan, Kashmir, Christian Nagaland, and the other nations of South Asia.

Mr. Speaker, I would like to put the Council of Khalistan's open letter on Kashmir into the RECORD for the information of my colleagues.

COUNCIL OF KHALISTAN,
Washington, DC, June 16, 1999.

OPEN LETTER TO THE SIKH SOLDIERS AND OFFICERS

Stop ''Dying Like Dogs'' for the Indian Oppressors

Will You Be a Martyr or a Mercenary?

Join the Freedom Movement to Liberate Khalistan

KHALSA JI: The Indian attack on the Kashmiri freedom fighters at Kargil again shows the reality of Hindutva. You see the death of your fellow Sikhs on a daily basis. About 60 percent of the casualties are Sikhs. When India wants to suppress a freedom movement, they send other minorities to do the dirty work, pitting minorities against each other. Hindustan will just use you and discard you. Do not let yourself be a mercenary for this divide-and-rule strategy by the Indian tyrants.

India is losing this war. Casualties are mounting. An Indian colonel admitted that the troops are ''dying like dogs.'' A corporal is quoted as saying. ''Even in war we don't have such senseless casualties.'' All these deaths are very tragic, but it is especially sad when Sikh soldiers give their lives for the oppressor. If a Sikh soldier must die, at least die for the Khalsa Panth. If you die for the Khalsa Panth, you will be a martyr. If you die for India, you are just a mercenary.

What are you dying for? Are you willing to die for a country that has murdered over 250,000 of our Sikh brothers and sisters since 1984? Are you willing to die for a country that desecrated the Golden Temple, shot bullet holes through the *Guru Granth Sahib?* Are you willing to die for a country that practices a policy of mass cremations against our Sikh brothers and sisters, a policy the Indian Supreme Court called ''worse than a genocide''?

If you are dying anyway, come home and die for our homeland like the martyrs who were murdered in the Golden Temple attack. It is better to promote the freedom and glory of the Khalsa Panth than to promote Hindutva and the ''territorial integrity'' of India. When human-rights are being violated on such a massive scale, ''territorial integrity'' is not an issue.

The political creed of India is ''Hindu, Hindui, Hindutva, Hindu Rashtra.'' As the former Speaker of the Lok Sabha, Balram Jakhar, said, ''If we have to kill a million Sikhs to preserve our territorial integrity, so be it.'' When India wants to protect its artificial borders, it is Sikhs who get killed. When we seek freedom, it is Sikhs who get killed. How can Sikhs put their lives on the line for a country like that?

You are all aware of the plight of Sikhs back home in Punjab. The Indian government has bribed Sikh policemen with cash and promotions to murder their Sikh brothers and sisters. The U.S. State Department reported that between 1992 and 1994 the Indian government paid over 41,000 cash bounties to policemen for killing Sikhs. One policeman collected a bounty for murdering a three-year-old boy. Why should Sikhs give their lives for that?

Are you aware that in 37 border villages back in Punjab, the people have evacuated because they are afraid that his war on the Kashmiri freedom fighters will expand to Punjab? As the people of Kosovo fled from their homes in fear of the Serbian government's brutality, the people of Punjab, Khalistan—your family, friends, and neighbors—are fleeing their homes in fear of the brutal Indian government. There has been a new deployment of troops to Punjab, raising fears that India will launch an attack on Pakistan from the Sialkot sector. If that happens, more Sikhs will lose their lives.

Every day in Ardas, Sikhs pray ''Raj Kare Ga Khalsa,'' the Khalsa shall rule. Our heritage is ''Khalsa Bagi Yan Badshah,'' the Khalsa rules or it is in rebellion. Our Gurus teach us to oppose tyranny wherever it rears its ugly head. How can Sikhs say that and then go fight for a country that denies our Sikh brothers and sisters the most basic human rights?

India's political situation is unstable and it is losing this bloody war. In desperation, it has resorted to using chemical weapons. This is a shame on India. It shows the Indian government's complete disregard for the lives of Sikhs, Muslims, and other minorities. However, the instability provides an opportunity to liberate Khalistan.

Recently, a group of Sikhs living in Pakistan called for a common front with our Kashmiri brothers to liberate both Khalistan and Kashmir. They said that now is the ideal time for such an effort. They are right. Let us make common cause with the Kashmiri freedom fighters and liberate our countries together.

Sikhs remember their martyrs and we also remember our enemies. Sikhs ended the regime of the tyrant Indira Gandhi. A brave Sikh named Delawar Singh ended the tyranny of Beant Singh. Would you rather be remembered as a brave Sikh martyr like Delawar Singh or as a traitor like K.P.S. Gill?

I call on Sikhs in the Indian armed forces, whether officers or soldiers, to stop shooting at the Kashmiri freedom fighters and join the Sikh freedom movement. Stop ''dying like dogs'' for the theocratic Indian state. These Kashmiri freedom fighters have the same as the goal of the Sikh Nation: to live in freedom, peace, prosperity, and dignity.

Now is the time to join the Sikh freedom movement and liberate Khalistan. You are trained soldiers. The Khalsa Panth needs your services. You will be remembered as the liberators of Khalistan. Remember Gen. Shabeg Singh who gave his life defending the sanctity of Darbar Sahib and the honor of the Sikh Nation. We must free Khalistan. Nations don't survive without political power. This is the opportune time for us. We must not let this opportunity pass.

Panth Da Sewadar,

DR. GURMIT SINGH AULAKH,
President.

EXPRESSING THE SENSE OF THE HOUSE WITH REGARD TO THE UNITED STATES WOMEN'S SOCCER TEAM AND ITS WINNING PERFORMANCE IN THE 1999 WOMEN'S WORLD CUP TOURNAMENT

HON. LOUISE McINTOSH SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Ms. SLAUGHTER. Mr. Speaker, the looks on the faces of the little girls gazing up with hero worship to the U.S. Women's Soccer Team made an awful lot of struggles that we have gone through worthwhile. When Title IX was first written and passed in the Congress, there was a great furor about it. The idea of opening athletics to women was almost anathema. We have seen now what a wonderful opportunity we have given; that girls in school know that they too can achieve in sports and that they too can be part of that wonderful experience of being a member of a winning team.

Title IX has helped us to reduce the inequality and the differences in Americans and says to everybody, "You too can be a winner."

I commend to my colleagues the following article from my local paper, the Rochester Democrat and Chronicle.

[From the Rochester Democrat and Chronicle, July 11, 1999]

GIRLS EXPAND SPORTS HORIZONS

(By Bob Chavez)

Chelsea Kilburn was having too much fun. She not only shed her blocker to reach the quarterback, but her tackle included an ''emphasis'' that would draw a flag in any organized football game.

Good thing for her this was just a clinic. It's also a good thing that the quarterback was just a stuffed pad.

''I love tackling and that swimming thing,'' the 13-year-old from Rochester said, referring to the moves taught to her by former Buffalo Bills longsnapper Adam Lingner at yesterday's Girls Sports Festival at Frontier Field.

More than 400 girls attended the festival, in its second year. Robin Guon, who works for Monroe County Sports Development, said the event undoubtedly was a success.

''We got such positive feedback from last year that we decided to do it again,'' explained Guon, who said attendance was up by about 100 girls this year. ''We would like this to be an annual event.''

Girls ages 8 to 14 participate in up to six of the 17 sports offered. Some girls selected sports they liked. Others, like Irondequoit's Kristin Deiure, picked lacrosse.

''I just wanted to see what it was like,'' said Deiure, 11. ''It's pretty hard, but I like it.''

Emma Hardy, 9, of Penfield tried lacrosse because her friends play on a team. She'd like to do the same some day, but throwing the ball presents quite a challenge.

''Probably because I'm so bad at it,'' she said. ''My dad tells me to watch the ball but it can be so frustrating. But he tells me how to do things correctly and sometimes I just have to concentrate harder.''

The best part of the day for Hardy was the chance to try her hand at games she had never played.

''I like all sports and this day is great,'' she said. ''Some of (the games) were new to me. But I tried them and I actually liked them.''

Emily Thomas, 10, of Chili had a tough time deciding her favorite, but ultimate frisbee was right near the top of the six sports she tried.

''It was fun to throw the frisbee to other people and I like to learn new things,'' she said, adding that lacrosse was a close second to frisbee.

Alissa Coates of Honeoye Falls preferred the more physical games. Her list included stops for taekwondo, karate and boxing.

''I learned different kicks and punches,'' she said. ''I also learned different finger locks. It was all new and it was nothing like the taekwondo I learned in school.''

Devon Monin, 11, of Rochester was at the baseball clinic, but could not stop talking about all she learned about football.

''You get to tackle and pass the ball a lot,'' she said. ''I also learned that there are a lot of positions. I didn't know there were so many.''

Given the choice, she'd play defensive line.

''It's not exactly in the middle and it's not exactly outside,'' she said of why she liked the position. ''You get to play a lot of both.''

As much fun as Kilburn had learning to read blocks to sack the quarterback, she was just as glad to have the opportunity to learn.

''It was really good,'' she said. ''I knew nothing about any other sports, but I learned a lot. Now when I watch football with my brother, I'll actually know what I'm talking about.''

CONGRATULATING THE UNITED STATES ARMY SCHOOL OF THE AMERICAS FOR ITS ROLE IN ACHIEVING PEACE ON THE ECUADOR/PERU BORDER

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. COLLINS. Mr. Speaker, I rise today to congratulate the nations of Ecuador and Peru for ending their half-century-long border dispute. I also rise to offer congratulations to the United States Army School of the Americas (USARSA) for its important role in resolving this conflict.

Col. Glenn Weidner, the current commandant of the school and a graduate of and former instructor at the USARSA, guided the operation that supervised the cease fire, separated the combatants, demobilized over 140,000 troops, established the demilitarized zone, and negotiated the continuation of the mission, incorporating observers of the two parties. That trajectory laid the basis for the three-year diplomatic effort to settle the underlying border issue. Assistant Secretary of State Alex Watson presented Colonel Weidner special recognition for his "contributions to diplomacy". Colonel Weidner credits the success of his mission in large part to the skills he learned at USARSA in 1986–1987 and the enhanced credibility he enjoyed because of his link to the school.

Of the six officers key to the success of the Peru/Ecuador mission, three were former USARSA students/instructors. The "school tie" provided a higher degree of common understanding and increased confidence upon which to proceed. There were also USARSA grads among the observers and the officers of the two parties with whom they dealt on a daily basis to verify the peace.

Finally, Ambassador Luigi Einaudi, the U.S. diplomat recognized and decorated by Presidents Fujimori and Mahuad as playing a key role in the final settlement, is a strong supporter of the school, and has agreed to serve on the new Board of Visitors.

I find it ironic that this very week, even as we congratulate Peru and Ecuador on their newfound peace, a small but vocal group of extremists continues to mislead the American people and members of this body about the role the USARSA plays in the post-Cold War era. Graduates of the U.S. Army School of the Americas are working daily to enhance peace and security in Latin America and to solidify the democratic transformation that has occurred there. I congratulate the USARSA for its important role in bringing peace to the Ecuador/Peru border and urge my colleagues to recognize the school for what it really is—a meaningful tool for establishing peace and democracy in our own back yard.

A TRIBUTE TO COLONEL STEPHEN D. BULL III

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today to honor Colonel Stephen D. Bull III upon his retirement from the United States Air Force. Colonel Bull has been a part of the Air Force virtually all of his life, as he was born on Burtonwood Air Force Base in the United Kingdom in 1951. He graduated from the United States Military Academy at West Point in June 1973, and was commissioned as a Second Lieutenant in the Air Force.

Colonel Bull went on to serve his country in several capacities: as a C–130 instructor navigator, a B–52 Offensive Avionics Acquisition Officer, a Strategic Weapons Officer for Bomber Weapons, and as Deputy Chief of the Weapons Systems Division of the U.S. Air Force.

In June 1992, he earned a Master of Arts Degree in National Security and Strategic Studies from the Naval War College at Newport, Rhode Island. After earning his Masters Degree, he was assigned as Executive Officer, Plans and Policy Division, International Military Staff at NATO Headquarters, Brussels, Belgium. He served there as the Chief of Staff for three international general/flag officers responsible for strategic planning, nuclear policy, arms control and disarmament, military cooperation programs and force planning.

Since 1994, Colonel Bull has served as the Chief, Programs and Legislative Division, Directorate of Legislative Liaison, Secretary of the Air Force in Washington, D.C. In this position, he has been responsible for advocating Air Force programs, policies, and proposed legislation to Congress on issues involving aircraft and safety investigations, military construction, force structure, base closure, personnel, environment, services and contracts. His legislative expertise has only been matched by his ability to foster answers for our constituents.

In my district he was able to facilitate the resolution to a constituent inquiry which had lingered for over ten (10) years. Through his leadership this problem was resolved positively for both my constituent and the Air Force. He has built a team of congressional liaisons without equal in their mastery of international issues essential to the success of Congressional delegations. His knowledge of Air Force issues and policy and his commitment to the United States Air Force is impressive and will be missed by Members who, like me, have found him to be unfailingly helpful whenever his assistance was requested.

Mr. Speaker, please join me in thanking Colonel Bull, his wife Carol, and his two daughters, Cristina and Lauren, for his service to the Air Force and to our nation, and extend our best wishes for his retirement.

HONORING ROBERT A. MUNYAN, PRESIDENT, IBEW LOCAL 1289

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. PALLONE. Mr. Speaker, it is my great pleasure to rise today to honor a man who has spent the last 43 years of his life representing the interests of working men and women in Central New Jersey.

Robert A. Munyan, today, retires as President and Business Manager of International Brotherhood of Electrical Workers Local Union 1289.

For the last several decades, Robert Munyan has spent a majority of his time improving the quality of life for thousands of workers in the State of New Jersey. Throughout his career in organized labor, Mr. Munyan has held numerous positions for Local 1289, culminating with his election as President and Business Manager in 1980.

Mr. Munyan has played an essential role in IBEW contract negotiations, helping shape the New Jersey Master Energy Plan, and protecting workers' rights in the New Jersey State Energy Deregulation Bill. He continues to be a constant supporter of organized labor and works to ensure that all workers have a voice.

With Robert Munyan's retirement, IBEW Local 1289 is losing a worker, a family man, and a leader. I want to offer Mr. Munyan my congratulations and thanks for his outstanding career of service. It is with men like Robert Munyan that our nation's labor movement is such a huge success. He will be sorely missed.

COSPONSOR H.R. 2560

HON. ERNEST J. ISTOOK, JR.

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. ISTOOK. Mr. Speaker, I rise today to urge my colleagues to cosponsor H.R. 2560, the "Child Protection Act of 1999." This bill would require that filters that block obscenity and child pornography be placed on all computers with Internet connections that minors can access which have been purchased with Federal funds. Here is a copy of my "Dear Colleague" and a copy of the Congressional Research Service opinion that says this approach is constitutional. It is important that we protect our children from obscenity and child pornography.

PROTECT OUR CHILDREN FROM OBSCENITY!!!

DEAR COLLEAGUE: There are over 30,000 pornographic Internet web sites. 12–17 year old adolescents are among the larger consumers of Porn (U.S. Commission on Pornography) Transporting obscenity on the Internet is a Federal crime. (Punishable by a fine and not more than 5 years in prison for the first offense and a fine and up to 10 years in prison for the second offense, plus a basic fine of up to $250,000. 18 USC 1462)

In 1998, Congress tried to protect children from obscenity with the "Child Online Protection Act." That legislation attempted to protect our children by requiring adult identification before admission to a site. The court has blocked this since some adults may not have appropriate identification and might be denied access. Our children are still in danger.

If we cannot protect our children from the obscenity on websites, the only solution is to protect them when they use the Internet. In 1998, the Labor-HHS-Education Appropriations subcommittee adopted an amendment which would protect our children from obscenity on the Internet. This provision was supported by every member of the subcommittee, both Democrat and Republican. The roll call vote was unanimous.

This legislation requires a school or library which receives Federal funds for the purchase of computers or computer-related equipment (modems, LANs, etc.), to install an Internet obscenity/child pornography filter on any computer to which minors have access.

Because the filters are not yet perfect, and might inadvertently block non-obscene websites, the provision allows access to other sites with the assistance of an adult. The filter can be turned off with a password, for example, for that one session; the filters routinely turn back on automatically after that user exits the Internet. The filter software is required only for computers to which minors have access, so, for example, it would not restrict a teacher's computer in their personal office, or any computer in a strictly-adult section of a library.

If the filtering software is not installed, the school or library involved would have funds withheld for further payments toward computers and computer-related services, until they comply with the law.

State agencies, who have oversight of the appropriated funds, are responsible for approving software to comply with this legislation. There is no authority for the Department of Education to dictate this selection. The Department of Education only has authority to determine the accepted software packages usable by Indian Tribes and Department of Defense schools and libraries. This is designed to assure local control, and to foster competition in the software market.

The Supreme Court has determined that obscenity is not constitutionally-protected speech. This legislation will not curtail anyone's constitutionally-protected speech.

If you have questions or to cosponsor, call Dr. Bill Duncan (Rep. Istook) at 5–2132.

ERNEST J. ISTOOK, Jr.,
Member of Congress.

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
Washington, DC, June 7, 1999.

MEMORANDUM

To: Honorable Ernest J. Istook, Attention: Dr. William A. Duncan

From: Henry Cohen, Legislative Attorney, American Law Division.

Subject: Constitutionality of Blocking URLs Containing Obscenity and Child Pornography.

This memorandum is furnished in response to your question whether a draft bill titled the "Child Protection Act of 1999" would be constitutional if it were implemented by blocking URLs known to contain obscenity or child pornography. The draft bill would apply to any elementary or secondary school or public library that receives federal funds "for the acquisition or operation of any computer that is accessible to minors and that has access to the Internet." It would require

such schools and libraries to ''install software on [any such] computer that is determined [by a specified government official] to be adequately designed to prevent minors from obtaining access to any obscene information or child pornography using that computer,'' and to ''ensure that such software is operational whenever that computer is used by minors, except that such software's operation may be temporarily interrupted to permit a minor to have access to information that is not obscene, is not child pornography, or is otherwise unprotected by the Constitution under the direct supervision of an adult designated by such school or library.''

The First Amendment provides: ''Congress shall make no law . . . abridging the freedom of speech, or of the press.'' The First Amendment does not apply to two types of pornography: obscenity and child pornography, as the Supreme Court has defined them.[1] It does, however, protect most pornography, with ''pornography'' being used to mean any erotic publication. The government may not, on the basis of its content, restrict pornography to which the First Amendment applies unless the restriction is necessary ''to promote a compelling interest'' and is ''the least restrictive means to further the articulated interest.''[2] It was on this ground that a federal district court struck down a Loudoun County, Virginia, public library policy that blocked access to pornography on all library computers, whether accessible to adults or children.[3]

The Loudoun County case involved a policy under which ''all library computers would be equipped with site-blocking software to block all sites displaying: (a) child pornography and obscene material; and (b) material deemed harmful to juveniles . . . To effectuate the . . . restriction, the library has purchased X-Stop, commercial blocking software manufactured by Log-On Data Corporation. While the method by which X-Stop chooses to block sites has been kept secret by its developers, . . . it is undisputed that it has blocked at least some sites that do not contain any material that is prohibited by the Policy.''[4]

The court found ''that the Policy is not narrowly tailored because less restrictive means are available to further defendant's interest . . .''[5] One of these less restrictive means was that ''filtering software could be installed on only some Internet terminals and minors could be limited to using those terminals. Alternately, the library could install filtering software that could be turned off when an adult is using the terminal. While we find that all of these alternatives are less restrictive than the Policy, we do not find that any of them would necessarily be constitutional if implemented. That question is not before us.''[6]

X-Stop, as the court noted, blocks sites. If this means that it blocks URLs that are known to display child pornography and obscenity (and material deemed harmful to juveniles), as opposed to blocking particular material, on all sites, that constitutes child pornography or obscenity, then it would be the sort of software that you ask us to assume would be used to implement the draft bill. The draft bill, however, would be implemented by one of the ''less restrictive means'' to which the court referred—i.e., by a less restrictive means than the Loudoun County library used. The draft bill would be implemented by a means that would permit the blocking software to be turned off when an adult is using the terminal. The court in the Loudoun County case did not find that this less restrictive means ''would necessarily be constitutional if implemented,'' but it did not rule out the possibility.

Under the draft bill, whether computers were programmed to block URLs that are known to display child pornography and obscenity, or were programmed to block particular material, on all sites, that constitutes child pornography or obscenity, they would apparently, of necessity, block some material that constitutes neither child pornography nor obscenity. If, however, the former method of blocking were used—i.e., the method of blocking URLs that you ask us to assume would be used—then there would be a Supreme Court precedent that would suggest that the draft bill would be constitutional even if it resulted in the blocking of some material that constitutes neither child pornography nor obscenity. This precedent is Ginsberg v. New York.[7]

In Ginsberg, the Court upheld a New York State ''harmful to minors'' statute, which is similar to such statutes in many states. This statute prohibited the sale to minors of material that—

(i) predominantly appeals to the prurient . . . interest of minors, and (ii) is patently offensive to prevailing standards in the adult community . . . with respect to what is suitable material for minors, and (iii) is utterly without redeeming social importance for minors.[8]

The material that this statute prohibited being sold to minors were what the Court referred to as '''girlie' picture magazines.''[9] It seems unlikely that such magazines were all literally ''utterly without redeeming social importance for minors,'' as some of the magazines that the statute probably prohibited from being sold to minors probably had at least one article concerning a matter of at least slight social importance for minors. Yet this possible objection to the statute was not raised by the Court's opinion or even by the concurring or two dissenting opinions to Ginsberg.

Furthermore, the draft bill's prohibition would be less restrictive than the New York statute's, as the draft bill's prohibition would be limited to obscenity and child pornography. The Supreme Court has defined ''obscenity'' by the Miller test, which asks:

(a) whether the ''average person applying contemporary community standards'' would find that the work, taken as a whole, appeals to the prurient interest; (b) whether the work depicts or describes, in a patently offensive way, sexual conduct specifically defined by the applicable state law; and (c) whether the work, taken as a whole, lacks serious literary, artistic, political, or scientific value.[10]

The Miller test parallels the New York statute's description of material that is harmful to minors, but, in two respects, it covers less material than does the New York statute. First, to be obscene under the Miller test, material must be prurient and patently offensive as to the community as a whole, not merely as to minors. Second, to be obscene under the Miller test, material must, taken as a whole, lack serious value, but need not be utterly without redeeming social importance for minors.

As for child pornography, it did not exist as a legal concept (i.e., as a category of speech not protected by the First Amendment) when Ginsberg was decided. The Supreme Court, however, has defined it so that it is immaterial whether it has serious value.[11] Therefore, the draft bill, in this respect, may be viewed as covering less material than laws against child pornography, as well as less material than laws against obscenity. As Ginsberg upheld a statute prohibiting the sale to minors of material that goes beyond obscenity and child pornography, and as the draft bill would be limited to those two categories, it appears that, based on the Ginsberg precedent, the draft bill, if implemented by blocking URLs known to contain obscenity or child pornography, would be constitutional.

FOOTNOTES

[1] Miller v. California, 413 U.S. 15 (1973) (obscenity); New York v. Ferber, 458 U.S. 747 (1982) (child pornography).

[2] Sable Communications of California v. Federal Communications Commission, 492 U.S. 115, 126 (1989).

[3] Mainstream Loudoun v. Board of Trustees of the Loudoun County Library, 24 F. Supp.2d 552 (E.D. Va. 1998). On April 19, 1999, the defendant decided not to appeal this decision.

[4] Id. at 556.

[5] Id. at 567.

[6] Id.

[7] 390 U.S. 629 (1968).

[8] Id. at 633.

[9] Id. at 634.

[10] Miller v. California, supra note 1, at 24.

[11] New York v. Ferber, supra note 1, at 763–764.

Footnotes appear at end of memorandum.

HOUSE JOINT RESOLUTION 99–1037

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SCHAFFER. Mr. Speaker, Colorado is a national leader in the efforts to protect public health and the integrity of our environment. My state's devotion to high standards is coupled to its desire to maintain the economic prosperity and the excellent quality of life all Coloradans enjoy.

In fact, Colorado has found ways to achieve both objectives due to the brilliance of her citizenry and facility of the state legislature. In particular, I commend the exemplary leadership of Colorado State Representative Jack Taylor, and State Senator Ken Chlouber, in challenging those federal actions which molest Colorado's ability to achieve its enviable balance of environmental health and economic liberty.

This year, the pair persuaded members of their respective houses to join in elevating Colorado's grievances to a national level. As one whose voice speaks for Colorado, I urge my colleagues tonight to lend careful consideration to Colorado's position on the matter of its relationship to the federal regulatory structure.

A resolution adopted by the Colorado General Assembly (HJR 99–1037) was forwarded to the Congress urging our intervention and initiative in this important matter. The content of the Resolution is worthy of review here and now.

Mr. Speaker, protection of public health and the environment is among the highest priority of government requiring a united and uniform effort at all levels. The United States Congress has enacted environmental laws to protect the health of the citizens of the United States. These federal environmental laws often delegate the primacy of their administration and enforcement to individual states.

Mr. Speaker, the United States Environmental Protection Agency (EPA) is responsible

for the administration and enforcement of these federal environmental laws. The states that have been delegated primacy have demonstrated to the EPA that they have adopted laws, regulations, and policies at least as stringent as federal standards. These individual states are best able to administer and enforce environmental laws for the benefit of all citizens of the United States.

Accordingly, the EPA and the states have bilaterally developed policy agreements over the past twenty-five years that reflect the roles of the states and the EPA. These agreements also recognize the primary responsibility for enforcement action resides with the individual states, with EPA taking enforcement action principally where an individual state requests assistance, or is unwilling or unable to take timely and appropriate enforcement action.

However, inconsistent with these policy agreements, the EPA has levied fines and penalties against regulated entities in cases where the state previously took appropriate action consistent with the agreements to bring such entities into compliance. For example, Colorado statutes give authority to the appropriate state agencies for the administration and enforcement of state and federal environmental laws, but the EPA continues to enforce federal environmental laws despite the state's primacy and has acted in areas of violations where the state has already acted.

The EPA has been unwilling to recognize the importance of Colorado's ability to develop methods for the state to meet the standards established by the EPA and federal environmental laws while recognizing state and local concerns unique to Colorado. Mr. Speaker, a cooperative effort between the states and the EPA is clearly essential to ensure such consistency, while making certain to consider state and local concerns.

The EPA has been hesitant to recognize that economic incentives and rewarding compliance are acceptable alternatives to acting only after violations have occurred.

Currently, the EPA's enforcement practices and policies result in detailed oversight, and overfiling of state actions causing a weakening of the states' ability to take effective compliance actions and resolve environmental issues. The EPA's redundant enforcement policy and actions have adversely impacted its working relationships with Colorado and many western states.

In response to the EPA, the Western Governors' Association has adopted ''Principles for Environmental Protection of the West,'' which encourages collaboration and polarization between the EPA and the states, and further encourages the replacement of the EPA's command-and-control structure with economic incentives encouraging results and environmental decisions that weigh costs against benefits in taking actions.

Mr. Speaker, Congress must require the EPA to recognize the states have the requisite authority, expertise, experience, and resources to administer delegated federal environmental programs. The EPA should afford states flexibility and deference in the administration and enforcement of delegated federal environmental programs.

EPA enforcers should also refrain from over-filing against recognized violators when a state has negotiated a compliance action in accordance with its approved EPA management systems so that compliance action achieves compliance with applicable requirements. The EPA should allow states the ability to develop plans for achieving national environmental standards established by the EPA which are tailored to meet local conditions and priorities.

Moreover, the EPA should enter into memoranda of understanding with individual states outlining performance, firm joint goals, and measures to ensure compliance with federal environmental laws while recognizing states that having achieved primacy in environmental programs have the right to direct compliance actions.

Further, Mr. Speaker, I call upon Congress to direct the EPA to develop policies and practices which recognize successful environmental policy and implementation are best achieved through balanced, open, inclusive approaches where the public and private stakeholders work together to formulate locally-based solutions to environmental issues. In addition, threats of enforcement action to coerce compliance with specific technology or processes often do not result in environmental protection but rather encourage delay and litigation, and are disincentives to technological innovation, increasing animosity between government, industry and the public, and raising the cost of environment protection.

Finally, effective management of environmental compliance is dependent upon the EPA shifting its focus from threats of enforcement action to one of compliance and the use of all available technologies, tools, and actions of the individual states.

AMERICAN EMBASSY SECURITY ACT OF 1999

SPEECH OF

HON. ROBIN HAYES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes.

Mr. HAYES. Mr. Chairman, there have long been concerns regarding the funding of the United Nations Population Fund and its family planning practices around the world. From 1986 to 1992, UNFPA received no United States funds because of its presence in China, where coercive population practices have been reported. In 1993, this administration let these family planning practices off the hook and funding was restored. Until the UNFPA provides concrete assurances that it was not engaged in, or does not provide funding for, abortions or coercive family planning programs. I can not support this additional funding to the UNFPA.

Intense pressure to meet family planning targets set by the Chinese government has resulted in documented instances of officials using coercion, including forced abortion and sterilization, to meet government population goals.

The family practices employed by the Chinese government are alarming. Poll after poll reveals that a significant portion of Americans believe abortion is morally wrong, and even more Americans would agree that federal tax dollars should not be used to fund abortions. This loophole in funding must be closed for the safety of unsuspecting mothers who are given little choice.

I am adamantly opposed to any commitment of federal funds for the purpose of abortion services in the United States or abroad. I also oppose the deceptive actions of the United Nations family planning agencies that use their UN funding to pay the electric bill while diverting ''private funds'' to pay for their forceful family planning practices. How can I go back to my district and tell my constituents I don't have the resources to help protect our neighborhoods or for after school programs for our students, because we have to sent our federal dollars to the United Nations to perform abortions?

I cannot support funding for the United Nations Population Fund until there are assurances and documented evidence that United States federal funds do not fund abortions half way around the world. I ask my colleagues to support the Smith-Barcia Amendment and to vote no on the Campbell-Gilman amendment.

HONORING DAVID ANDERSON

HON. LOIS CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mrs. CAPPS. Mr. Speaker, today I rise to bring to the attention of my colleagues a friend and a leader who was recently honored by the Land Trust of Santa Barbara County for years of outstanding commitment to our environment—David Anderson. David has dedicated himself to the preservation of land in Santa Barbara County and the Central Coast.

David Anderson is the co-founder and past President of the Land Trust. He has been intimately involved in almost every conservation effort the Trust has worked on in the last fifteen years. David has been a constant source of support to community groups, property owners and government agencies in Santa Barbara county where the preservation of land was at stake. Because of his efforts and leadership, open space has been preserved on the Gaviota Coast, coastal bluffs have been preserved near Point Sal, the Great Oak Preserve in the Santa Ynez Valley was established, and grasslands near Lompoc have been conserved. These are but a few examples of the land that David and the Trust have secured for today and in perpetuity.

David has also greatly contributed to other community organizations. He has served as Past President and is currently the Co-Executive Director of the Santa Barbara Museum of Natural History, he has been a Board member of the Nature Conservancy, and President of Get Oil Out. In addition, he has been the Past Chairman of the County Air Pollution Hearing

Board and a City of Santa Barbara Planning Commissioner.

Mr. Speaker, I was honored to join the Land Trust for Santa Barbara County this past weekend to pay tribute to David Anderson. He is a man who has dedicated himself to creating and preserving our most precious resources—our land and our environment. I commend him for years of service to the County of Santa Barbara and to our nation.

PERSONAL EXPLANATION

HON. VITO FOSSELLA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. FOSSELLA. Mr. Speaker, I am not recorded on rollcall numbers 308 for the Lewis and Clark Expedition Bicentennial Commemorative Coin Act; 309 for the Sense of Congress Regarding the U.S. in the Cold war and the Fall of the Berlin Wall; and 310 for the Iran Nuclear Proliferation Prevention Act. I was unavoidably detained and therefore, could not vote for this legislation. Had I been present, I would have voted ''aye'' for all of the above resolutions.

HONORING FIRST AMERICAN TITLE COMPANY

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize First American Title Company for devoting themselves to the improvement and development of the City of Clovis, California. Through many activities and events, First American Title Company has devoted countless hours to the development and enhancement of the County of Fresno, specifically the City of Clovis.

One of America's oldest and largest real estate related financial services companies celebrated its centennial in 1989. The First American Financial Corporation traces its roots back to 1889 when what was then rural Orange County, California, split off from the County of Los Angeles. At that time, title matters in the brand-new county were handled by two firms—the Orange County Abstract Company and the Santa Ana Abstract Company. In 1894, C.E. Parker, a local businessman, succeeded in merging the two competitors into a single entity, the Orange County Title Company, the immediate predecessor of today's First American Title Insurance Company.

Later, the company took a new name, First American, and expanded the geographic scope of its operations. In 1968, the firm was restructured into a general holding company, The First American Financial Corporation, conducting its title operations through First American Title Insurance Company and its subsidiaries. Existing title and abstract companies were purchased, new offices were established, and agency contacts were negotiated. Through a well-planned and managed expansion program, First American built an organization that serves every region of the country.

The Company operates through a network of more than 300 offices and 4,000 agents in each of the 50 states. It provides title services abroad in Australia, the Bahamas, Canada, Guam, Mexico, Puerto Rico, the U.S. Virgin Islands, and the United Kingdom.

First American's business practices are a blend of the newest techniques and technologies with the old, tried and true ways of providing personal service. The critical ingredient in the company's formula for success is people.

Mr. Speaker, I rise to recognize First American Title Company as a leader in the community. I urge my colleagues to join me in wishing them many more years of continued success.

A GIANT LEAP FOR MANKIND

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. HORN. Mr. Speaker, today is the 30th anniversary of man's first steps on the moon. Everyone recognizes the historical importance of the Apollo 11 mission. But we must keep July 20, 1969, from fading from our thoughts as just another date in the history books. The 30th anniversary of the moon landing gives us an opportunity to revisit the drama and sense of wonder that accompanied that momentous occasion.

Although the Soviet Union was first to put a man into space, President Kennedy upped the ante dramatically when he challenged our nation in 1961 to land a human being on the moon before the end of that decade. When our nation fulfilled that goal, it not only demonstrated our technological superiority, but also the patriotism and dedication of the American people.

The success of the Apollo program was a testament to the hard work of many Southern California aerospace workers. Rockwell's production facility in Downey—now owned by Boeing—produced Apollo 11's Command and Service Modules. The energy, enthusiasm, and bold innovation of the aerospace workers in our area was a key component of our nation's fulfillment of President Kennedy's challenge. They brought worldwide recognition to Southern California as a leader in aerospace technology, a reputation that deservedly continues to grow today.

Since aerospace technology has progressed so much in the past three decades, it is easy to forget how incredible a feat the moon landing was in 1969. It is still remarkable. The Saturn V launch vehicle for the Apollo 11 mission contained 960,000 gallons of propellant—enough fuel for a car to drive around the world more than 400 times. The engines of the Saturn V launch vehicle had combined horsepower equivalent to 543 jet fighters.

Recent reports of an alternate speech that President Nixon was prepared to deliver in case of a disaster in the moon mission remind us how potentially dangerous the mission was. The possibility was very real that something could go terribly wrong with the mission, stranding Neil Armstrong and Buzz Aldrin on the moon. For their courageous willingness to sacrifice, they deserve our continuing gratitude and admiration, as do all of our men and women who have traveled into space.

Our mission of space exploration continues today. The research conducted during space shuttle flights and on the International Space Station brings a wide range of benefits to our lives on Earth, from health care improvements to innovations in industrial processes. And unmanned exploration modules, such as the Pathfinder which went to Mars, expand our knowledge of our universe to a previously unimagined degree. Our space program has achieved things that generations of people never contemplated. If we keep a strong commitment to space exploration now, future generations can turn the science fiction of today into the reality of tomorrow.

COLORADO SENATE JOINT MEMORIAL 99–003

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SCHAFFER. Mr. Speaker, federal highway demonstration projects should be eliminated. That is the official position of the State of Colorado as established by Colorado Senate Joint Memorial 99–003 which was recently adopted by the Colorado General Assembly.

The Memorial directs the federal government to replace specific demonstration projects with a state block grant program for distribution of funds remaining after formula distribution. Mr. Speaker, Congress should keep in mind, federal fuel tax funds belong to the people of America residing in the several states. State governments, being closer to the people are clearly better able to distribute and spend these revenues on highway projects more consistent with local priority.

Colorado's position on this matter is one shared by many states and by many Members of Congress including me. On the basis of Colorado's SJM 99–003, I urge my colleagues to consider a more state-centered approach to highway fund redistribution. I am sufficiently persuaded, Mr. Speaker, Colorado can do a much better job and more efficient job of prioritizing federal highway funds than can the politicized methods of Washington, D.C. I ask our colleagues, Mr. Speaker to fully consider the directives issued by the Colorado General Assembly through SJM 99–003. Furthermore the wisdom of our state legislators should figure prominently in the national policy we construct here on the House floor.

Mr. Speaker, I hereby submit for the RECORD a copy of SJM 99–003 and commend State Senator Marilyn Musgrave and State Representative Ron May for their sponsorship of this important Resolution. Their leadership in the area of transportation has proven valuable in furthering the economic stability of our Great State. Moreover, the entire General Assembly of Colorado has once again established itself as a forceful leader in effecting national policy.

SENATE JOINT MEMORIAL 99–003

(By Senators Musgrave, Hernandez, Nichol, and Powers; also Representatives May, Hoppe, Kaufman, Kester, Larson, Lee, McElhany, Nunez, Scott, Sinclair, Swenson, Taylor, T. Williams, and Young)

MEMORIALIZING CONGRESS TO ESTABLISH A BLOCK GRANT PROGRAM FOR THE DISTRIBUTION OF FEDERAL HIGHWAY MONEYS, TO USE A UNIFORM MEASURE WHEN CONSIDERING THE DONOR AND DONEE ISSUE, TO ELIMINATE DEMONSTRATION PROJECTS, AND TO EXPAND ACTIVITIES TO COMBAT THE EVASION OF FEDERAL HIGHWAY TAXES AND FEES

Whereas, Due to the dynamics of state size, population, and other factors such as federal land ownership and international borders, there is a need for donor states that pay more in federal highway taxes and fees than they receive from the federal government and for donee states that receive more moneys from the federal government than they pay in federal highway taxes and fees; and

Whereas, The existence of such donor and donee states supports the maintenance of a successful nationwide transportation system; and

Whereas, There should be a uniform measure when considering the donor and donee issue, and a ratio derived from the total amount of moneys a state receives divided by the total amount of moneys that the state collects in federal highway taxes and fees is a clear and understandable measure; and

Whereas, Demonstration projects are an ineffective use of federal highway taxes and fees; and

Whereas, All moneys residing in the federal highway trust fund should be returned to the states either for use on the national highway system or nationally uniform highway safety improvement programs or as block grants; and

Whereas, The state block grant program should allow states to make the final decisions that affect the funding of their local highway projects based on the statewide planning process; and

Whereas, Only a reasonable amount of the moneys collected from the federal highway taxes and fees should be retained by the United States Department of Transportation for safety and research purposes; and

Whereas, States with public land holdings should not be penalized for receiving transportation funding through federal land or national park transportation programs, and such funding should not be included in the states' allocation of moneys; and

Whereas, The evasion of federal highway taxes and fees further erodes the ability of the state and the federal government to maintain an efficient nationwide transportation system; now, therefore, be it

Resolved by the Senate of the Sixty-second General Assembly of the State of Colorado, the House of Representatives concurring herein:

(1) That, when considering issues related to donor and donee states, the federal government should adopt a ratio derived from the total amount of moneys a state receives in federal highway moneys divided by the total amount of moneys the state collects in federal highway taxes and fees; and

(2) That all demonstration projects should be eliminated; and

(3) That after federal moneys have been expended for the national highway system and safety improvements, a state block grant program should be established for the distribution of the remaining federal moneys; and

(4) That it is necessary to expand federal and state activities to combat the evasion of federal highway taxes and fees. Be it

Further Resolved, That copies of this Joint Memorial be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of Colorado's delegation of the United States Congress.

RAY POWERS,
President of the Senate.

PATRICIA K. DICKS,
Secretary of the Senate.

RUSSELL GEORGE,
Speaker of the House of Representatives.

JUDITH M. RODRIGUE,
Chief Clerk of the House of Representatives.

HONORING SHERIFF JIM THOMAS

HON. LOIS CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mrs. CAPPS. Mr. Speaker, today I rise to honor Sheriff Jim Thomas of Santa Barbara County who was the recipient of the "Guardian of Youth Award" by the Goleta Valley Youth Sports Center. Sheriff Thomas has recently been chosen for this prestigious award because the represents the finest of a community of citizens that has dedicated itself to the future of our youth.

Sheriff Thomas' commitment and service to youth is vast. He has given much of his own time and energy to the Drug Abuse Resistance Program—DARE—by speaking to students about the negative aspects of drug and alcohol abuse. In addition, his administration has devoted five full time deputy sheriffs who spend time on-campuses and in school classrooms educating young people about substance abuse, violence, and self-worth. Under his leadership, DARE has reached more than 20,000 elementary and junior high students.

Sheriff Thomas has also committed hundreds of thousands of dollars of confiscated illegal drug money to fund school resource officers, and to support girls' and boys' sports programs, kids camp, and youth scholarship programs. Clearly, Sheriff Thomas' legacy reaches to countless youth and their families.

Mr. Speaker, I would also like to take this opportunity to commend the George "Ben" Page Memorial Youth Center and the Youth Sports Association for their commitment to the fitness and wellness of our children. I believe that the value of the Youth Center is far greater than an extraordinary building—it contains the generosity of spirit of the Association and Santa Barbara County. Most importantly, the Association and its volunteers will positively impact children today and for years to come.

Mr. Speaker, I was honored to join my community this past weekend to pay tribute to Sheriff Jim Thomas. He is a man who has served with unparalleled dedication and compassion. I commend him for years of service to the County of Santa Barbara and to our nation.

PERSONAL EXPLANATION

HON. VITO FOSSELLA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. FOSSELLA. Mr. Speaker, I am not recorded on rollcall No. 265 for the Y2K Readiness and Responsibility Act; 191 for the motion to go to conference on the fiscal year 2000 National Defense Authorization Act; and rollcall No. 276 for the Financial Services Act. I was visiting the U.S. troops in Macedonia and could not vote for this legislation. Had I been present, I would have voted "yes" for both bills and the motion to go to conference.

AMERICAN EMBASSY SECURITY ACT OF 1999

SPEECH OF

HON. ANTHONY D. WEINER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes:

Mr. WEINER. Mr. Chairman, in 1998, when a terrorist bomb exploded in front of the U.S. Embassy in Nairobi, Kenya, one of the first humanitarian organizations to arrive at the scene was the Magen David Adom.

Magen David Adom, or MDA, entered the collapsed embassy building at great personal risk and saved dozens of lives. They demonstrated why they are considered to be one of the world's finest humanitarian organizations.

Despite the bravery and competence which the MDA rescuers exhibited that day and every day since its founding in 1930, the International Federation of Red Cross and Red Crescent Societies has refused to recognize the MDA as a fully participating member. The sole reason for this refusal is because the MDA's symbol is a Red Star, not the Red Cross or Red Crescent, the only symbols recognized by the International Federation.

In 1864, when the nations of the world signed a treaty to provide protection for hospitals, medical personnel and patients in time of war, it was decided that the universal symbol for humanitarian services would be the Swiss flag with its colors reversed.

In Turkey, a predominantly Muslim country, the Red Cross was considered a symbol of Christianity, and inappropriate for use as their humanitarian symbol. Instead, they declared that they would use a Red Crescent, a symbol derived from Islam. This was a reasonable request and the Red Crescent was recognized by the International Federation in 1868.

Yet, in 1949, when Israel asked for recognition of its humanitarian symbol, a red star on a white field, based on the ancient symbol of the Jewish faith, the International Federation refused, insisting that Israel either adopt the

cross of Christianity or the crescent of the Muslim faith. The Israeli government refused.

Since that date, though it has worked in partnership with the International Federation of the Red Cross and Red Crescent, the MDA is still denied full membership in the International Federation. This has gone on too long.

This October, the International Federation will hold its 27th meeting in Geneva, Switzerland. This amendment directs the President to work with the signatories of the Geneva Convention and support a resolution at the International Conference to allow for the MDA to become a full member of the International Federation of Red Cross and Red Crescent Societies.

I urge my colleagues to support this amendment.

DEVELOPMENTS IN BELARUS

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SMITH of New Jersey. Mr. Speaker, today marks the expiration of the term of office of authoritarian Belarusian President Alyaksandr Lukashenka under the 1994 Belarusian Constitution. To nobody's surprise, Mr. Lukashenka is not abandoning his office, having extended his term of office until 2001 using the vehicle of an illegitimate 1996 constitutional referendum.

Since Lukashenka was elected five years ago, Belarus has witnessed nothing but backsliding in the realm of human rights and democracy and a deterioration of the economic situation. The Belarusian Government continues to violate its commitments under the Organization for Security and Cooperation in Europe (OSCE) relating to human rights, democracy and the rule of law. At the root of these violations lies the excessive power usurped by President Lukashenka since his election in 1994, especially following the illegitimate 1996 constitutional referendum, when he disbanded the Supreme Soviet and created a new legislature subordinate to his rule.

Freedoms of expression, association and assembly remain curtailed. The government hampers freedom of the media by tightly controlling the use of national TV and radio. Administrative and economic measures are used to cripple the independent media and NGOs. Political opposition has been targeted for repression, including imprisonment, detention, fines and harassment. The independence of the judiciary has been further eroded, and the President alone controls judicial appointments. Legislative power is decidedly concentrated in the executive branch of government.

The Helsinki Commission, which I Chair, has extensively monitored and reported on the sad situation in Belarus, and has attempted to encourage positive change in that country through direct contacts with Belarusian officials as well as through the Organization for Security and Cooperation in Europe. The OSCE Parliamentary Assembly meeting in St. Petersburg earlier this month overwhelmingly supported a resolution encouraging democratic change in Belarus, including the conduct of free and fair elections next year. As Chairman of the U.S. delegation to the OSCE PA, I urged my fellow parliamentarians to join me in calling for the release of ex-Prime Minister Mikhail Chygir and the guarantee of free access to the media by opposition groups. In addition, I joined 125 delegates representing 37 of the 54 participating States in signing a statement which offered more harsh criticism of the political situation in Belarus, condemned the use of violence against Supreme Soviet members and representatives of the democratic opposition, and protested their detention.

Within the last few days, there appears to be some glimmer of hope in the gloomy Belarusian predicament. According to a July 17 joint statement by the OSCE PA ad hoc Working Group on Belarus and the OSCE Advisory and Monitoring Group (AMG) in Belarus: "The Belarusian President states his commitment to the holding of free, fair and recognizable parliamentary elections in Belarus next year, as well as his support for a national dialogue on elections to be held between the government and the opposition." I agree with the Working Group and AMG's emphasis on the importance of "access to electronic media for all participants in the negotiations, and a political climate free of fear and politically motivated prosecution."

Mr. Speaker, while I welcome this statement, I remain guarded, given Mr. Lukashenka's track record. I very much look forward to its implementation by the Belarusian Government, which could be a positive step in reducing Belarus' isolation from the international community and the beginnings of a reversal in the human rights situation in that country.

HONORING THE LANDING OF THE FIRST MAN ON THE MOON

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. CALVERT. Mr. Speaker, after rising yesterday to honor the passing of one of America's greatest space hero's, Pete Conrad, I happily return to the floor to celebrate the thirtieth anniversary of man landing on the moon.

Last night, I memorialized one of the many heroes involved in the arduous task of sending man from Earth to the moon. Tonight, I would like to recognize all of the men and women that were responsible for one of the single greatest scientific and technological accomplishments in history, man walking on the moon.

President John F. Kennedy challenged the men and women in our nation's space program to accomplish a goal that most believed was unachievable. This goal was the singular focus of a small group of American leaders in space for nearly a decade, a small group that would eventually become international heroes. Heroes, not because they simply went to the moon, but because they set out an impossible goal, dared to dream when they were on the short end of logic, inspired a nation and the world. These men and women worked feverishly for nearly a decade and committed their lives to the program. Some men even gave the ultimate sacrifice and lost their lives chasing this goal.

To every child in America, I hope that you will take the time to learn of the thrilling story of the men and women involved in Apollo 11's ultimate success. It is a story about working to achieve success against long odds. I am proud to have been alive during this great accomplishment and to know the story behind the men and women who dedicated their lives to ensuring the dream of all mankind was achieved.

Mr. Speaker, I would like to give one last salute to Captain Pete Conrad and congratulate all of the men and women who helped our nation and persevere against impossible odds, and land a man on the moon.

IN RECOGNITION OF GERALD GREENWALD, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF UNITED AIRLINES, ON THE OCCASION OF HIS RETIREMENT

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. SHUSTER. Mr. Speaker, on behalf of the members of the Transportation and Infrastructure Committee, I rise to extend congratulations to Jerry Greenwald on the occasion of his retirement as Chairman of United Airlines. He joined United Airlines five years ago. From his takeoff in July 1994 to his landing last week, Jerry Greenwald's has truly been an amazing flight.

Brand new to the aviation industry, Jerry Greenwald led the transition of United Airlines into the largest employee-owned organization in the world. He assumed the helm of a struggling company which was part of an industry burdened by years of mounting financial losses. In an environment when regulations often seemed to make success impossible, he guided the employee-owners of United Airlines to turn the company around. Jerry Greenwald showed that teamwork could be a way of life and not just a slogan. He demonstrated that "labor-management relations" did not have to be a euphemism for mortal combat, but rather a unique means to achieve a range of goals.

By focusing on core business objectives and core customer needs, United Airlines achieved record revenues for four consecutive years, and measurable improvements to delivering on customer preferences for air travel. Jerry Greenwald is investing proceeds into new equipment, technology and customer service initiatives to prepare for the future. During his tenure, Jerry Greenwald has grown United to the equivalent of a whole new airline. And, I'd like to think he's changing how the industry thinks about customer service. The US airline industry is still evolving, but it is clear that Mr. Greenwald has put United on a course to continue to improve and be competitive.

Beyond his focus to make United healthy again, Mr. Greenwald took on an enormous task when he agreed to serve as Chairman of

the National Welfare to Work partnership. United alone has hired nearly 2,000 people from the welfare rolls to work in productive jobs, and he inspired thousands of other companies to do the same. Mr. Greenwald has expanded the United Foundation to support more than 300 charitable organizations and programs around the world, focusing on education, health and community partnerships. And he has personally been involved in these initiatives rather than just leading them; that is an important distinction in today's world.

Throughout his time with United, Mr. Greenwald has been a consistently accessible and responsive partner to those of us in Congress concerned with aviation issues. We have worked together with Mr. Greenwald to tackle complicated issues that affect the interests of the entire nation: airline competitiveness, access for US carriers to global aviation markets, air traffic control reform, taxes, and yes, even customer service. Although we have not always agreed, we have always communicated.

So as Jerry Greenwald pulls "wheels up" and flies off to a fresh attempt at retirement, I ask my colleagues to join me in wishing him well.

A TRIBUTE TO SHARON AWE ON HER RETIREMENT FROM TEACHING AT SOUTH MILWAUKEE HIGH SCHOOL

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. KLECZKA. Mr. Speaker, I rise today to honor Sharon Awe, South Milwaukee High School's (SMHS) Director of Bands, who is retiring after 34½ years of dedicated service to her students and to the community.

Ms. Awe has shared her love for music with thousands of students during her career at SMHS. She inspired some to make music their careers, but her gift to all her students was a solid foundation of a lifetime appreciation for music and the arts.

In more than 34 years of teaching, Sharon has been the driving force behind the South Milwaukee Rocket Band, and she will be sorely missed. And her dedication to her students and the music program did not end at the finish of each school term. Fro the past 25 summers, Sharon Awe and her band have participated in countless parades and competitions throughout the United States. South Milwaukee High School has a band room stuffed with awards and trophies, and has received a myriad of honors. Sharon and her students have proudly represented the State of Wisconsin at events such as Disney Music Days, the 1989 Gator Bowl, and even the 1996 Independence Day Celebration in Washington, D.C.

But what Ms. Awe gave her students was much more important than a room full of trophies. She instilled in them a sense of accomplishment, discipline, and pride, and afforded them the opportunity for new experiences, camaraderie and memories they will treasure for a lifetime.

And so it is with mixed emotions that I extend my congratulations to Ms. Awe on her well deserved retirement. The Rocket Band won't quite be the same without her striding proudly alongside it on the parade route. But I thank her for the enormous impact she has made on the lives of so many young people, and I wish her the very best for a happy and fulfilling retirement.

IN SPECIAL TRIBUTE TO MERLE F. BRADY FOR HIS OUTSTANDING SERVICE TO THE VAN WERT COMMUNITY

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. GILLMOR. Mr. Speaker, it is with a great deal of pleasure that I rise today to pay special tribute to a truly outstanding individual from Ohio's Fifth Congressional District. This Saturday evening, July 24, 1999, members of the Van Wert, Ohio community will gather to recognize the efforts of Merle F. Brady.

Merle Brady was born in Illinois in 1919, but has lived in Van Wert for more than fifty years. During those years, Merle Brady has been a true asset to the community and a friend and neighbor to all those who know him. A successful business man, Merle owned his own retail clothing store for many years, while operating a successful real estate business. For many years, he was Chairman of the Board of the Van Wert National Bank, and still serves as Director Emeritus.

A true American hero, Merle served bravely in the United States military in World War II where he received the American Theater Ribbon, the Good Conduct Medal, and the WWII Victory Medal. He is a life member of the American Legion, and has served as Post Commander, District Commander, Ohio State Commander, and National American Legion Executive Committeeman. Merle is still active in his American Legion Post.

Mr. Speaker, Merle Brady's service to the Van Wert community is endless. He was elected to the Van Wert City Council, and served two terms as Council President. Merle has been an active member of the Van Wert Chamber of Commerce, Lions Club, Masonic Lodge, Elks, and the Trinity United Methodist Church. Merle has also given freely of his time and energy to the Van Wert Y.M.C.A. and Associated Charities Foundation.

Mr. Speaker, it is often said that America prospers due to the outstanding deeds of her citizens. Without question, Merle F. Brady epitomizes that saying. Mr. Speaker, I would urge my colleagues to stand and join me in paying special tribute to Merle F. Brady. Thank you for your unwavering contributions to the Van Wert area, and best wishes for the future.

COMMEMORATING THE 30TH ANNIVERSARY OF THE APOLLO 11 MOON LANDING

HON. BART GORDON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. GORDON. Mr. Speaker, July 20th marks the 30th anniversary of Apollo 11's landing on the moon. This historic achievement was born of the Cold War rivalry between the United States and the Soviet Union. President Kennedy saw the moon race as a means of demonstrating American technological superiority at a time when the Soviets were garnering all of the "firsts" in space exploration. It was a bold initiative that required the skills and teamwork of tens of thousands of people if it was to succeed. It is to their everlasting credit that the Apollo program succeeded beyond all expectations.

Astronauts Neil Armstrong, "Buzz" Aldrin, and Michael Collins were the emissaries of all of those hardworking Americans when they set off for the moon three decades ago. Yet when Neil Armstrong stepped foot on the Moon for the first time, he represented more than just America—he represented all of humanity. His footsteps marked the realization of a dream that had captivated the minds of countless generations through the ages.

In addition, Apollo was an undertaking that stimulated advances in science and technology. It inspired a generation of students to pursue education in math and science. And the images that the Apollo astronauts took of the bluish-white Earth floating in the black void of space profoundly changed our perspective on global concerns such as the environment.

Of course, the Apollo program was a unique undertaking that cannot be replicated. Indeed, the Cold War that spawned Apollo is over, and we now are cooperating rather than competing in space exploration with our former adversaries. Moreover, many of our space activities are now focused on directly benefiting our citizens here on Earth—whether through meteorological satellites, communications satellites, navigation satellites, and so forth.

Yet I am confident that one day we will return to the moon, as well as venture to other parts of our solar system. When we do, we will be in the debt of all those who blazed the trail for us thirty years ago with the Apollo program.

NIH OFFICE OF AUTOIMMUNE DISEASES ACT OF 1999

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. WAXMAN. Mr. Speaker, I am pleased to join with Congresswoman MORELLA in introducing the "NIH Office of Autoimmune Diseases Act of 1999." This legislation is intended to enhance the Federal government's research on autoimmune diseases and disorders. Most importantly, the Act highlights the urgency of treating autoimmune diseases as a priority women's health issue.

Many of our colleagues are familiar with diseases such as multiple sclerosis, lupus, rheumatoid arthritis and chronic fatigue syndrome. But what is not well recognized is how these and dozens of other diseases are linked by autoimmunity. As the NIH explains, ''If a person has an autoimmune disease, the immune system mistakenly attacks itself, targeting the cells, tissues and organs of a person's own body.''

Today, we have identified at least eighty autoimmune diseases which lead to death, severe disability, and vitiate the quality of life. They inflict a tremendous toll on families and our communities. Collectively, autoimmune diseases affect five percent of the population, or more than 13.5 million Americans, causing untold mortality and morbidity in this country, as well as billions in health care expenditures and lost productivity every year.

What is most striking is the disproportionate impact of these diseases on women. Three quarters of those afflicted with an autoimmune disease are women. Multiple sclerosis is twice as common in women compared to men. And the best available research suggests that autoimmunity may be the cause of 50 to 60 percent of unexplained cases of infertility and is also a major cause of miscarriages.

Compounding the uncertainty surrounding the causation of many of these diseases and the need for effective therapies is a persistent lack of information and understanding about autoimmune diseases. The American Autoimmune Related Diseases Association recently found that two-thirds of all women suffering from autoimmune diseases had been labeled ''chronic complainers'' before being correctly diagnosed. No woman should have to experience such insensitivity and lack of awareness when seeking care for a life-threatening illness.

The Federal government is pursuing a broad agenda of research and education on autoimmune diseases. For several years, the National Institutes of Health (NIH) has supported a multi-institute research program on the mechanisms of immunotherapy for autoimmune disease. There is an NIH research program for autoimmunity centers of excellence. And NIH institutes and the Office of Women's Health Research are focusing research funding on the genetic susceptibility to autoimmune diseases, as well as the role of environmental and infectious agents.

But it is clear that more can be done. The NIH recently established an autoimmune diseases coordinating committee, to help facilitate the innovative research being conducted on autoimmune diseases. Congresswoman MORELLA played a leadership role in this regard. The Congress has also dramatically increased NIH funding over the past few years, with the expectation that autoimmune disease research would benefit from this trend.

Our bill would take these promising developments a step farther. Progress on finding cures and treatments for autoimmune diseases would be expedited by a permanent office at the NIH dedicated to developing a consensus research agenda, as well as promoting cooperation and coordination of ongoing research. Such an office could serve as an advisor to the Director of NIH and the Secretary of Health and Human Services, and act as a high-level liaison to the many important autoimmune disease patient groups.

The bill is endorsed and strongly supported by organizations including the National Multiple Sclerosis Society, American Autoimmune Related Diseases Association, National Coalition of Autoimmune Disease Patient Groups, Lupus Foundation of America, CFIDS Association of America, Sjogren's Syndrome Foundation, Crohn's and Colitis Foundation of America, Myositis Association of America, Wegener's Granulomatosis Support Group, Myasthenia Gravis Foundation of America, Coalition of Patient Advocates for Skin Disease Research, the National Alopecia Areata Foundation and the National Pemphigus Foundation.

Mr. Speaker, we urge our colleagues to join us in cosponsoring ''NIH Office of Autoimmune Diseases Act of 1999.''

AMERICAN EMBASSY SECURITY ACT OF 1999

SPEECH OF

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes.

Mr. CONYERS. Mr. Chairman, I rise in support of the Gilman-Campbell-Maloney/Crowley, et al. Amendment to H.R. 2514, the American Embassy Security Act. Passage of this secondary amendment to the Smith amendment would allow up to $25 million to be appropriated for the United Nations Population Fund (UNFPA) in FY2000 for vital family planning and maternal and child health care programs.

Some of my colleagues have suggested that funding the UNFPA would support the Chinese government's coercive abortion activities. Last year, they eliminated all U.S. fuding for UNFPA in the omnibus appropriations bill due to concerns about China. This amendment would allow us to fund UNFPA, while actively discouraging the organization from any activity in China; indeed, one dollar of appropriated U.S. funds would be deducted for each dollar UNFPA spends of other donors' funds in China. Any U.S. contribution that would be made to the UNFPA in FY2000 would have to be maintained in a separate account, none of the funds could be spent in China, and UNFPA would have to certify that it does not fund abortions.

The U.N. Population Fund does not support abortion. In fact, UNFPA works to reduce the need for abortion by enhancing access to family planning. In addition to addressing the reproductive health needs of women, UNFPA devotes significant resources to preventing the spread of HIV/AIDS and other sexually transmitted diseases. Cutting of funds to the U.N. Population fund for even one year will lead to disastrous results; it is estimated that the result of the elimination of U.S. funding for UNFPA in FY1999 appropriations will have led to 500,000 more unintended pregnancies and 200,000 more abortions throughout the developing world, along with 1,200 more maternal deaths and 22,000 more infant deaths. We cannot risk results like this for another year.

The U.S. government should not, as a matter of principle, hold family planning and UNFPA hostage to a legitimate concern about the conduct of the Chinese government. There is a well-founded concern about China's family planning program—not UNFPA's. the concerns of the U.S. government should be placed on the U.S.-Chinese bi-lateral agenda, along with other human rights issues, and linked as appropriate to trade and other negotiations.

Mr. Chairman, I urge my colleagues to join with me in support the Gilman-Campbell/Maloney-Crowley amendment to fund the United Nations Population Fund.

TRUST IS HIGHEST IN EMERGENCY SITUATIONS

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. BARCIA. Mr. Speaker, one of the most frightening times of our lives is when we ourselves or one of our loved ones face a medical emergency. In this emergency situation, trust is the highest for medical professionals who are providing instant care to treat an injury or to save a life. In my own state, we are blessed in having the Michigan College of Emergency Physicians that helps to educate the physician staff of emergency departments at hospitals around Michigan.

The Michigan College of Emergency Physicians, chartered in 1969, was one of the first chapters of the American College of Emergency Physicians. It was only natural that Michigan be one of the first chapters since the American College was founded in 1968 by Dr. John G. Wiegenstein, a Lansing physician who saw the need to develop the specialty of Emergency Medicine. Starting with 208 members in 1969 under the leadership of Dr. Gauis Clark as President, the organization has grown to nearly 1,100 members today under President Dr. Gregory Walker, and President-Elect Dr. Robert Malinowski.

The Michigan College of Emergency Physicians has sponsored educational programs to help improve the initial care of acutely ill patients. The 26th Michigan Emergency Assembly on Mackinac Island this weekend will celebrate the 30th anniversary of the College. Efforts like this annual assembly and the advanced pediatric life support course, the emergency resident assembly, and the advanced cardiac life support instructor course have helped to make Michigan a nationally recognized academic hub in emergency medicine.

Emergency medical services is a priority for the Michigan College, with its representation on numerous state boards and the EMS Expo—the largest education program for prehospital personnel in the state. The College is also proud of its legislative accomplishments in its development of the Michigan Emergency

Medical Services law, providing the ability to deliver emergency medical services to the citizens of Michigan, its definition of ''prudent layperson'', the enforcement of safety belt requirements, and safety helmet legislation.

I recently had the opportunity to monitor emergency room operations at St. Mary's Hospital in Saginaw to see first-hand the demands of split-second decisions in life or death situations. I want to thank Dr. Mary Jo Wagner, Dr. Brian Hancock, and Dr. George Moylan for their courtesies and professional insights. I encourage each of our colleagues to visit an emergency room to truly understand the needs of emergency medicine.

Mr. Speaker, we rarely think of the need for emergency medical care. We and so many others just assume that it is going to be there. On a day like today, we should stop and thank the Michigan College of Emergency Physicians, and their colleagues around the nation, for working to perfect what we take for granted. I ask you and all of our colleagues, Mr. Speaker, to join me in wishing the Michigan College of Emergency Physicians a very happy 30th anniversary, and for every success to President-elect Dr. Malinowski and Executive Director Diane Kay Bollman with their efforts to make sure, once again, that when we or a loved one face a medical emergency, a trained professional will be there to respond to our needs.

AMERICAN EMBASSY SECURITY ACT OF 1999

SPEECH OF

HON. JOSEPH CROWLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes:

Mr. CROWLEY. Mr. Chairman, I rise today in strong support of the Gilman-Campbell-Maloney-Crowley-Greenwood amendment to provide funding to the United Nations Population Fund (UNFPA).

The UNFPA has long supported the right of couples and individuals to decide freely and responsibility the number and spacing of their children, and to have the information and means to do so, free of discrimination, coercion or violence. Accordingly, the UNFPA works to provide women and men with access to safe, effective, affordable and voluntary contraceptive methods of their choice, as well as access to health care for safe pregnancy and childbirth.

Mr. Chairman, I would also like to address two myths that critics of the UNFPA commonly state regarding official UNFPA policies. The first concerns abortion and let me be very clear on this point. The UNFPA does not support or fund abortion in any way shape or form. UNFPA's activities are mandated by the programme of action of the International Conference on Population and Development, which states that in no case should abortion be promoted as a method of family planning.

Instead, the UNFPA works to prevent abortion through the provision of voluntary family planning services. In addition, the UNFPA has not, does not and will not ever condone coercion in population and family planning policies and programs. They are committed to the realization of the UN's charter and the universal declaration on human rights, and it condemns coercive practices in all forms.

Mr. Chairman, the world has always looked to the U.S. for its leadership in global population and development programs. Restoring our contribution to the UNFPA will again clearly signal our continued commitment to addressing this important global challenge. Therefore, I ask my colleagues to vote for the Gilman - Campbell - Maloney - Crowley - Greenwood amendment.

AMERICAN EMBASSY SECURITY ACT OF 1999

SPEECH OF

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes.

Ms. WOOLSEY. Mr. Chairman, each year in the developing world, nearly 600,000 women die from pregnancy-related complications. Maternal mortality is the largest single cause of death among women in their reproductive years. That's why we must support the Campbell/Gilman/Gejdenson/Porter/Maloney amendment to H.R. 2415 which would remove the prohibition against the U.S. contribution to the United Nations Funding Population Fund (UNFPA).

This amendment would authorize critical funding so that voluntary family planning services, like the UNFPA, can provide mothers and families in over 150 other countries new choices and new hope. Further, these services increase child survival and promote safe motherhood for nearly 900,000 women around the world. Without our support, women in developing nations will face more unwanted pregnancies, more poverty, and more despair.

It is extremely hypocritical that those in Congress who would deny women in the developing world the choice of an abortion, would also seek to eliminate our support for family planning programs that reduce the need for abortion. Without access to safe and affordable family planning services, there will be more abortions, not fewer, and more women's lives will be put in danger.

I wish that today we could be voting on legislation allowing our foreign aid dollars to pay for a full range of reproductive health services, not just the limited services that barely get a right-wing seal of approval. But what is most important now is that the House of Representatives oppose the Smith anti-family amendment and support the Campbell/Gilman/Gejdenson/Porter/Maloney amendment to restore funding to the UNFPA.

Let's keep the doors of more family planning clinics open for the women who are desperately in need of this information and these services. We will reduce the number of abortions and improve the lives of women and their children. I urge my colleagues to support the UNFPA.

IN HONOR OF RICHARD S. BRYCE

HON. ELTON GALLEGLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. GALLEGLY. Mr. Speaker, I rise to pay tribute to Ventura County, California, Undersheriff Richard S. Bryce, who will retire next month after a long, honorable and distinguished career.

Undersheriff Bryce accomplished much in his more than three decades with the Ventura County Sheriff's Department, but will perhaps be remembered most for three particular achievements:

He spearheaded California legislation that permitted the merging of the Marshal's Offices into the Sheriff's Departments; he is recognized as an expert on jail operations and management, providing court testimony and conducting seminars throughout the Western United States on custody issues; and he provided leadership in management of the department's budget and in the fight to win passage of California's Proposition 172, which ensured the continued funding for the department and other local public safety agencies.

Richard Bryce began his law enforcement career in 1965 as a reserve deputy. After his appointment as a deputy sheriff on April 22, 1966, he embarked on a number of diverse assignments as he rose through the department's ranks. He was a patrol deputy, a staff officer at the Ventura County Police and Sheriff's Academy, a burglary detective and narcotic detective. As an administrative sergeant, he served at the Jail Honor Farm and in the Civil Bureau. He was a facility lieutenant at the Oxnard Branch Jail, a Civil Bureau lieutenant for Court Services, and a narcotic lieutenant for Special Services.

In 1982, Richard Bryce was promoted to commander of the special Services Bureau, which oversees the department's investigation units. In 1986, then-Sheriff John Gillespie appointed him assistant sheriff, and in 1993 he was appointed undersheriff by then-Sheriff Larry Carpenter.

Richard Bryce's peers have consistently described him as ''loyal, ethical, professional, articulate, and conscientious.''

Ventura County's undersheriff holds a master's degree in public administration, a bachelor's degree in political science and an associate's degree in administration of justice. He and Loretta have been married for more than 30 years. They have two children, Jeffrey and Kimberly.

Mr. Speaker, I know my colleagues will join me in recognizing Richard S. Bryce for his decades of dedicated service and in wishing

him and his family Godspeed in his retirement. His dedication to public safety and his community will be missed.

STAMP OUT PROSTATE CANCER ACT

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. CUNNINGHAM. Mr. Speaker, today I rise to introduce the Stamp Out Prostate Cancer Act of 1999. I am joined in this effort by my colleague from Ohio, the Honorable SHERROD BROWN, and twenty-two other colleagues. I have also attached letters from organizations in support of this legislation, including the Men's Health Network, National Prostate Cancer Coalition, and CapCure.

According to the National Prostate Cancer Coalition (NPCC), each day 507 men will learn they have prostate cancer. Prostate cancer, the most common cancer in men, is a devastating disease affecting more than 200,000 American men each year. One out of every ten men will develop this terrible disease in his lifetime, and more than 40,000 American men will die each year. This disease does not occur only in older men. Nearly one quarter of all diagnoses occur in men between 40 and 65 years old. The single best thing we can do to help more men combat this disease is to increase funding for research, education, and awareness. Currently, both the National Institutes of Health and the Department of Defense fund prostate cancer research. Yet, the NPCC has identified nearly $250 million in worthwhile research projects not initiated last year due to lack of funding.

The Stamp Out Prostate Cancer Act will help expand research money available, much like the very successful breast cancer stamp which has raised millions for breast cancer research. This successful model will allow millions of Americans to voluntarily donate to the basic research that will help us find a cure to this terrible disease. I hope that all my colleagues will join me and cosponsor this important bill.

MEN'S HEALTH NETWORK,
Washington, DC, July 13, 1999.

Hon. RANDY "DUKE" CUNNINGHAM,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN CUNNINGHAM, I am writing on behalf of the Men's Health Network (MHN) in support of legislation that will introduce the Stamp Out Prostate Cancer Stamp Act of 1999. We thank you and Congressman Sherrod Brown for proposing this important legislation.

Prostate cancer is the most commonly occurring cancer in America, affecting about 200,000 men in 1999. Nearly 40,000 men will lose their lives to the disease this year. A man has a one in six chance of getting prostate cancer in his lifetime. If he has a close relative with prostate cancer, his risk doubles. With two close relatives, his risk increases five-fold. With three close relatives, his risk is nearly 97%. Today, African-American men have the highest prostate cancer incidence rate in the world and their mortality rate from the disease is more than twice that of the rate for Caucasian Americans.

With the right investment in public education and research, prostate cancer is preventable, controllable and curable. It is vitally important to educate not only men but also their families as to the risk factors associated with this disease and the need for annual screenings. The creation of a prostate cancer research stamp not only will raise the public's awareness of the risk and prevalence of this deadly disease but also it is an innovative way by which Americans can freely aid scientific research.

Thank you for creating this opportunity for concerned Americans to support the fight against prostate cancer. If there is anything we can do in the future to assist in the passage of your bill, please do not hesitate to let us know.

Sincerely,

TRACIE SNITKER,
Government Relations.

CAP CURE
Washington, DC, July 15, 1999.

Representative RANDY "DUKE" CUNNINGHAM,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE CUNNINGHAM: Even though I am on the road, I wanted to assure that my office transmits this letter to you.

I admire your courage and conviction to stamp out prostate cancer, and I support your efforts, and those of your many colleagues, in the presentation of your proposed legislation. The "Stamp Out Prostate Cancer Act" creates a simple tool to enhance research funding that will end the roll that prostate cancer takes in this country.

You and your colleagues know that prostate cancer is the most commonly diagnosed nonskin cancer in America today, with almost 200,000 new case expected in 1999.

You and your colleagues know that almost 40,000 men will lose their lives to the disease this year, creating tragedies for far too many wives, children, fathers, mothers, brothers and sisters.

You and your colleagues know that, despite its burden on individuals and society, prostate cancer research receives only five cents of every federal cancer research dollar.

You and your colleagues know that the National Prostate Cancer Coalition, of which CaP RURE was a founding member, has estimated that $500 million of unfunded prostate cancer research should be supported this year if resources existed.

Duke, you are helping to expand he opportunities for acceleration of new research—and treatment opportunities—for the men who need them most. You have been stalwart and determined support for all those affected by this devastating disease. As the world's largest private funder of prostate cancer research, CaP CURE considers it a pleasure to support you.

Cordially,

RICHARD N. ATKINS, M.D.,
President.

July 15, 1999.

Representative RANDY "DUKE" CUNNINGHAM,
House of Representatives,
Washington, DC,

DEAR REPRESENTATIVE CUNNINGHAM: On behalf of the thousands of men battling prostate cancer and their families, I want to express our sincere appreciation to you and your colleagues for introducing the "Stamp Out Prostate Cancer Act of 1999".

Our primary goals at the National Prostate Cancer Coalition (NPCC) are to make prostate cancer a national health priority while finding a cure for his deadly disease. In order to accomplish these goals, we must increase awareness of he disease and increase funding for prostate cancer research. Your bill takes great strides forward in both areas.

In 1999, one cancer case in every six will be prostate cancer. About one in four prostate cancer cases strikes a man during his prime working years, under the age of 65. Regrettably, prostate cancer took the lives of about 100 men yesterday. Congressman Cunningham, we know that you are aware of the terrible toll which prostate cancer takes on Americans. We salute you for your playing a role in finding a cure of this disease.

We look forward to working with you to increase the opportunities for new and accelerated research and treatment for prostate cancer. The NPCC stands ready to assist you as your legislation moves through Congress.

Sincerely,

BILL SCHWARTZ,
Vice-Chairman and CEO,
National Prostate Cancer Coalition.

CAMPAIGN FINANCE REFORM

HON. TOM DeLAY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. DELAY. Mr. Speaker, our Founding Fathers recognized that restricting the free exchange of ideas in the political arena is the tool of tyranny. The First Amendment ensures that a free exchange of ideas, not the forceful will of the government, will always dominate the political landscape.

Currently, there are those who would obliterate the First Amendment in the name of "campaign finance reform." Reforming our campaign finance system by limiting the ability of individuals and groups to express their views on issues and candidates is like trying to make a car run better by removing the engine.

Time and time again, the Courts have held that the First Amendment protects the right of individuals and groups to speak freely about issues and candidates, free from the heavy hand of government regulation and restrictions.

The American people do not need government speech police dictating what, where, when and how they can speak about issues that are important to them. the "big brother" reforms that are being proposed will trample on the fundamental rights of individuals in order to protect the interests of incumbent politicians.

I commend the following piece by Mr. James Bopp, published by the Heritage Foundation, to my colleagues' attention. Mr. Bopp clearly explains the need for true reform that is constitutional and strengthens, rather than destroys, the ability of the American people to have a voice in their government.

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CAMPAIGN FINANCE "REFORM": THE GOOD, THE BAD, AND THE UNCONSTITUTIONAL

(By James Bopp, Jr.)

Campaign finance reform soon will be debated in the U.S. Senate. The problems with the current campaign financing system that are identified by the most vocal reformers,

however, are not real problems for Americans who want more of a say in who is elected and what policies public officials pursue. And although incumbent officeholders in Washington, D.C., may feel threatened by negative advertising and want to manipulate the campaign rules to their advantage, this does not justify imposing further restrictions on the freedom of speech and association. The U.S. Supreme Court already has addressed the remedies proposed by the ''reformers'' and found them unconstitutional under the First Amendment.

The Supreme Court and numerous federal courts following it have struck down almost all laws that attempt to restrict campaign spending or campaign advertising by individuals or organizations (including corporations, unions, political action committees [PACs], and political parties). Pursuant to the First Amendment, the Supreme Court limits the regulation of political expression to a very narrow class of speech: explicit or express words advocating the election or defeat of clearly identified candidates—such as ''vote for'' or ''elect.'' But not every type of express or explicit appeal for votes is subject to regulation. For example, the Supreme Court has held that:

A political candidate has an absolute First Amendment right to spend an unlimited amount of his own money expressly advocating his own election (unless he voluntarily waives that right in order to receive public financing).

Individuals and organizations also have an absolute First Amendment right to spend an unlimited amount of their own money expressly advocating the election or defeat of particular candidates so long as there is no coordination between the individual or organization and the candidates. And governments may not presume that there is coordination under certain scenarios—unless there really is some.

In addition, all other election-related speech that discusses candidates and issues (including their voting records or positions) but does not explicitly call for the election or defeat of particular candidates is protected as ''issue advocacy.'' Although it undoubtedly influences elections, issue advocacy is absolutely protected from regulation by the First Amendment. Consequently, ''reforms'' that attempt to redefine ''express advocacy'' to include types of issue advocacy, or to create new categories of speech subject to regulation, or that effectively would ban issue advocacy by corporations and labor unions are doomed to a court-ordered funeral. So is legislation that effectively would require any group engaging in issue advocacy to register and report as a PAC or that would impose burdensome disclosure requirements on issue advocacy.

Political parties enjoy the same unfettered right to receive contributions for and to engage in issue advocacy. And there are even fewer reasons to fear their exercise of this important right because political parties have an interest in a broader array of issues than narrow interest groups do, and their donors know they exist to advance those issues. The Supreme Court also has found that proposed bans on political parties receiving and spending soft money cannot be justified on the ground that it might prevent corruption. Instead, the Supreme Court has determined such a goal is insufficient to restrict the discussion of candidates and their positions on issues.

To adopt true reform, Congress first needs to recognize that today's perceived abuses are simply the predictable result of past ''reforms'' in which the suppression of free speech was the principal focus. Today's complex laws cause wasteful distortions in the electoral process and lessen transparency and public accountability. There are, however, constitutional measures that would correct these flaws. Specifically, raising or eliminating contribution limits, which have been eroded by inflation, would allow elected officials to concentrate more on their public duties than on raising funds, make the flow of campaign money more transparent, and improve public accountability. And removing barriers that prevent political parties from exercising a moderating influence on political campaigns would serve to reduce the weight of narrow interests.

These reforms would encourage more direct citizen participation in campaigns, thereby reducing the incentive for indirect involvement through independent expenditures and issue advocacy. Such true reforms not only are constitutional, but they also reinforce the sovereignty of the people over government officials and decrease the threat of corruption by making it more likely that any influence will be exposed. Bearing this in mind,

Congress should not rush to pass measures that would cause uncertainty in the short run and inevitably be struck down as unconstitutional. Because Members of Congress take an oath to support and defend the Constitution, they should pay special attention in the legislative process to any constitutional defects in pending legislation.

Congress should not try to challenge the Supreme Court's rulings on the First Amendment, especially when the people's freedom to speak is at stake and Members self-interest in retaining office conflicts with those rulings.

Instead, to enhance political participation and improve transparency and accountability in the process, Congress should:

1. Raise the individual contribution limit to at least $2,500, indexing it for inflation; raise the aggregate individual contribution limit; and raise the individual and PAC contribution limits to political parties from $20,000 and $15,000, respectively, to at least $50,000.

2. Remove the limits on coordinated expenditures by political parties with their own candidates.